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NEWS SUMMARY

GENERAL

Carter prepares fresh sanctions

President Carter last night was expected to announce new sanctions against Iran in his campaign to free the U.S. hostages held in Tehran.

White House officials said the President would impose a total ban on food shipments to Iran.

They also said he would make a strong plea for supportive action from Japan and West European allies.

China Premier

China's senior Vice-Premier Deng Xiaoping strongly indicated to Italian journalists that Mr. Shao Ziyang will become Premier—a post currently held by Chairman Hua Guofeng. Back

Mugabe appeal

Zimbabwe Premier Robert Mugabe appealed for reconciliation and a new spirit of unity and brotherhood in a TV and radio address just before formal independence celebrations. Back Page

New Saudi film

Ministers are apprehensive about the BBC's intention to show a film report on Saudi Arabia in view of the row over ITV's Death of a Princess. The BBC film, scheduled for Monday, concerns the security of British oil supplies.

Just for love

Penniless night shift worker Paul Hudson, who wanted to give a woman he loved the world, pretended he was a millionaire Canadian stud farm owner, and with the woman went around the country bouncing cheques totalling £1½m, a Bingley court was told.

Israeli crisis

Israeli Premier Menahem Begin flies home today from the Washington talks on Palestinian autonomy to a new domestic political crisis sparked off by Defence Minister Ezer Weizman who called for early elections. Page 4

Jet crash deaths

Prototype European Tornado combat jet crashed in West Germany killing two test pilots. It is the second to crash. The Tornado will form the RAF's main ground attack fleet.

Print talks

Threat of the provincial print dispute spreading to Fleet Street receded as employers and unions agreed to meet for the first time for more than a month. Page 8

Dryden free

Six-month jail sentence passed in January on former Nottingham Forest soccer chief Stuart Dryden, 53, for Post Office frauds was suspended for two years by the Court of Appeal.

Briefly . . .

French nuclear reprocessing plant near Cherbourg has been closed indefinitely for checks after a fire.

Egyptian authorities charged 30 people with attempting to overthrow President Sadat.

Two police sergeants grabbed and pulled a 20-year-old woman to safety as she fell from a bridge over the M6.

Armenian guerrillas shot and wounded the Turkish ambassador to the Vatican and his bodyguard in Rome.

PUBLISHER'S NOTICE

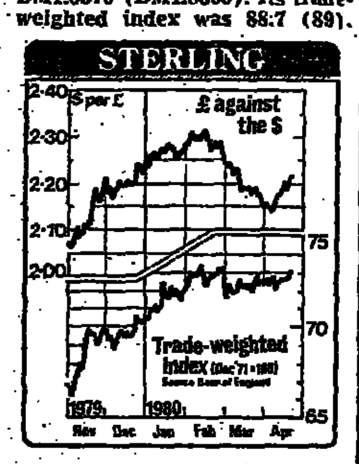
The Financial Times apologises for errors contained in this issue which are due to difficulties in the reading department.

BUSINESS

Gold off $18; equities quiet

● GOLD fell $18 to close at $513 in quiet trading. Page 33

● DOLLAR lost ground against most major currencies in confused trading to close at DM1.8570 (DM1.8660). Its trade-weighted index was 88.7 (89).



STERLING move erratically, closing 60 points up at $2.2240. Its index was 73.1 (72.8), the highest since mid-February. Page 33

● GILTS were quietly firm, and the Government Securities Index closed 0.12 up at 66.74. Page 40

● EQUITIES were unaffected by economic statistics, and the FT 30-share index fell 0.5 to 442.6. Page 40

● WALL STREET was 4.01 down before the close at 767.24. Page 34

● GENERAL MOTORS is to lay off another 12,000 workers, bringing the number of unemployed U.S. carworkers to about 232,000. United Auto Workers president Mr. Douglas Fraser called for import controls on Japanese cars.

● U.S. JUSTICE Department plans a court challenge to under anti-trust laws, Rockwell International's £33m bid for Serck, the UK engineering group.

● STEEL STRIKE probably cut industrial production directly by just over 2 per cent according to Central Statistical Office figures. Page 6

● FINANCE BILL was published yesterday. It expands several Budget proposals and relaxes construction industry income tax rules. Details Page 10, Parliament Page 8

● DISRUPTION at clearing banks over a National Westminster pay dispute was suspended from midnight by the Banking, Insurance and Finnace Union. Page 8

COMPANIES

● BRITISH AEROSPACE lifted trading profit by £11m in 1979 to £90m on record sales of over £1bn (£894m). Back Page, Details Page 6, Editorial Comment Page 22

● NORTHERN ENGINEERING Industries blamed the national engineering and transport strikes for a fall in 1979 pre-tax profits to £18.13m (£30.46m). Final dividend is 2.5p net (2.5p) maintaining the total of 3.75p. Page 24, and Lex, Back Page

● CORAL Leisure Group announced 1979 pre-tax profits up £3.04m to £24.82m. Final dividend is up from 3.7p to 4p, making the total 7.4477p (6.7p). Page 24

● THOMAS TILLING, the industrial holding group, has agreed in principle the acquisition for $20m (£8.98) of Electrical Supplies Distributing Company of San Diego, California. Page 25

● HIGGS & HILL, the construction company, reported a 1979 loss of £908,000 before tax, compared with a 1978 pre-tax profit of £2.09m. Dividend is maintained at 3.85p net, with a final of 1.95p. Page 27

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES				
Exchequer 12¼pc 2003-05	£83⅞	+	⅛	
Astbury & Madeley	126	+	14	
Brentnall Beard	16	+	3	
City and Int. Trust	137	+	15	
Clive Discount	48	+	3	
Executex	34	+	3	
Farnell Elec.	304	+	8	
Greenfields Leisure	51½	+	4	
Hambro Life	179	+	6	
Horizon Travel	243	+	10	
Hunting Gibson	87	+	12	
Jessel Toynbee	64	+	6	
Lec Refrigeration	55	+	3	
Mallinson-Denny	73½	+	4	
Neill (J.)	55	+	4	
Portals	270	+	8	
Ransomes Sims	162	+	6	
Rentokil	129	+	7	
Unitech	303	+	13	
Aran Energy	320	+	20	
Hunting Petroleum	144	+	6	
Ultramar	578	+	12	

FALLS				
Treas. Variable 82	£94⅞	−	$\frac{1}{16}$	
Bentalls	30	−	3	
Casket (S.)	24	−	3	
De Vere Hotels	218	−	4	
GEC	379	−	5	
Glaxo	214	−	4	
Martin (A.)	60	−	6	
Rolls-Royce	53½	−	2½	
Burmah Oil	214	−	6	
Guthrie	762	−	63	
RTZ	370	−	10	
Samantha Explor.	72	−	6	

New £1bn gilt stock over-subscribed in heavy demand

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The new £1bn long-dated gilt-edged stock was well over-subscribed yesterday in response to heavy demand from both domestic and overseas investors.

This reflects increasing confidence that the rate of monetary growth is at last slowing down, as is suggested by Bank of England figures published yesterday.

These show that sterling M3, the broadly-defined money supply, rose by 0.4 per cent in the month to mid-March, the smallest increase for a year.

There are considerable uncertainties about the trend of bank lending, in view of the steel strike and the financial pressures on industry.

Consequently, the authorities are likely to continue their cautious approach, and an immediate cut in minimum lending rate is unlikely.

The prospect of a reduction in interest rates within a few months was one of the main reasons for the strength of the demand for the new stock, 13¼ per cent Treasury 2004-08. An additional attraction was that only £20 per cent had to be subscribed with tenders yesterday.

The over-subscription of the new stock follows the sell-out of the previous short and long taps in the three weeks since the Budget.

This probably adds up to gross sales of well over £2bn. While this means that the Government has tied up most of the funding needed to cover its borrowing needs in the next couple of months, part of the sales will have been offset by payments to investors on a number of existing stocks maturing in the early summer.

An adjustment also has to be made for sales to overseas investors, which by and large do not affect sterling.

Some experienced gilt brokers were suggesting last night, that demand from abroad could have been particularly large for the latest issue.

The new long-dated stock was over-subscribed, and only applications at prices of £95.75 per cent and above received any allotments.

This would be in line with the general revival of international bond markets this month.

The recent heavy sales of gilts contrast with the much lower demand for stock before the Budget, as reflected in the lates money supply figures. Indeed sales of central Government debt to non-bank financial instituions and the public were less than central Government borrowing.

Bank lending to the UK private sector rose by only £165m last month, but the Bank of England warned yesterday that movements in lending had recently been somewhat erratic, and that the March result should be treated with caution.

In particular, it is necessary to add about £160m for commercial bills held outside the banking system, and to take account of a possible reduction in borrowing because of a rundown in industrial stocks during the steel strike.

Evidence in the past few weeks suggests that companies remain heavy borrowers, and are taking up existing facilities, even though personal demand for loans is flat.

Consequently, while the underlying growth rate of bank lending is slowing compared with the earlier rapid expansion, there is still considerable uncertainty, especially in view of the end of the corset controls on the banks' activities in June.

Domestic credit expansion is still fairly high, at £607m last month, and the difference between this and the smaller rise in sterling M3 is largely explained by an outflow of currency in the month to mid-March.

After the 0.4 per cent rise in sterling M3 last month the increase since last June is now 11¼ per cent at an annual rate (or 10¾ per cent if allowance is made for the seasonal component in surrenders of certificates of tax deposit).

This compares with an official range of annual increase of 7 to 11 per cent.

Lex. Back Page.
Tables. Page 6.

Payments balance still in deficit

By Peter Riddell, Economics Correspondent

THE CURRENT account of the balance of payments is still heavily in deficit, though in the last few month there has been a pick-up in exports of finished manufactured goods and a decline in imports of consumer goods, apart from cars.

The figures have fluctuated sharply from month to month, and the drop in the current account deficit from £176m to £126m (seasonally adjusted) between February and March is not a good guide to the underlying trend.

Last month, for example, there was a £200m improvement in the balance in trade in the more erratic items such as ships, North Sea rigs, aircraft and precious stones, so the deficit on other items increased from a favourable February position.

BALANCE OF PAYMENTS CURRENT ACCOUNT

£m seasonally adjusted

		Visible trade	Invisibles	Current account
1979	1st	−1,588	+373	−1,215
	2nd	−486	+176	−310
	3rd	−493	+255	−238
	4th	−745	+71	−674
	Oct.	−418	+24	−394
	Nov.	−75	+24	−51
	Dec.	−252	+23	−229
1980	1st	−723	+150	−573
	Jan.	−321	+50	−271
	Feb.	−226	+50	−176
	Mar.	−176	+50	−126

The steel strike is likely to have had only a small adverse effect in March.

In the first three months of this year the current deficit was £573m, compared with £674m in the previous quarter.

This improvement occurred in spite of a deterioration of about £300m in the balance of trade in silver bullion, and a £100m adverse swing on the more erratic items.

After excluding these erratic items export volume rose by 2½ per cent in the quarter, while import volume dropped by a similar percentage.

The main improvement was in balance of finished manufactured goods again excluding erratics.

Continued on Back Page

£ in New York

—	Apr. 16	previous
spot	$2.2250-2275	$2.1980-1980
1 month	Flat-0.05prem	0.22-0.27prem
3 months	0.34-0.39 prem	0.80-0.85prem
12 months	0.20dis-Flat	0.35-0.50prem

French offer concessions in budget row

BY JOHN WYLES IN BRUSSELS

FRANCE YESTERDAY made clear that it is willing to move closer to a settlement of Britain's EEC budget row and indicated steps the UK could take towards an agreement.

M. Luc de la Barre de Nanteuil, France's permanent representative to the EEC, yesterday offered a closed meeting here the clearest statement yet of France's developing negotiating position on the budget problem.

As a result, several of his colleagues at the weekly meeting of the EEC's Committee of Permanent Representatives are believed to feel the chances of a settlement at the European Heads of Governmet meeting in Luxembourg in nine day's time have improved.

This does not mean President Giscard d'Estaing of France is expected to came in to the demands of Mrs. Margaret Thatcher. There remains considerable scope for conflict in the argument over the amount by which Britain's expected net EEC budget payment of £1.1bn this year ought to be reduced.

Iran policy

The related dispute over how long any special cash arrangements for the UK should last could also lead to open disagreement at the Luxembourg meeting.

A discussion of what should be the EEC'sc policy towards Iran and the U.S. hostages will feature prominently and could even curtail discussion of the UK's budget problem.

The German representative is understood to have said yesterday he hoped the summit would spend as long discussing Iran as it would the budget issue.

But France yesterday spelled out some of the details of the deal it wants in return for concessions to the UK. Essentially, yesterday's statement built on remarks last week by President Giscard in an interview with Le Figaro, the French newspaper.

Points believed to have emerged yesterday suggest that before the summit takes place Paris wants:

● An agreement in principle by EEC Agriculture Ministers next week on arrangements to end the sheepmeat row.

● An outline agreement at the same meeting on increases in common agriculture prices to be applied from April.

At the summit, Paris wants:

● Endorsement of any understanding reached on these issues.

● A declaration which would confirm the Nine's commitment to the Common Agricultural Policy and to the Community's "own resources" system which provides the EEC budget.

● A declaration urging the Fisheries Council to agree on a common fisheries policy.

France is believed to have implied that in return for the concessions it would accept the so-called corrective mechanism which will cut the UK's budget contributions by about £300m.

It declared for the firs time a readiness to accept that the burden of the UK's payments to Brussels could be further reduced on the basis of the Commission's proposals for boosting Community spending in the UK under Article 235 of the Rome Treaty.

But France insisted that any special deal for the UK must not last beyond 1982, a point which was rejected by Sir Michael Butler, the British representative, in later discussion.

The UK is still formally opposed to a package deal. But most diplomats here think the declarations France wants can be accomodated.

At the same time it is not impossible—although it may be unlikely — that Agriculture Minister might make progress netx week on farm prices and sheepmeat on which the summit could build.

But a settlement on both the agriculture issues will involve concessions of principle from the UK which will require some adroit footwork from Mr. Peter Walker, the Agriculture Ministter, if he is not to be publicly embarrassed.

Richard Evans, Lobby Editor, writes: The British Government accepts that a solution to the budget problem will probably not be possible at the Luxembourg summit later this month, but Ministers expect significant progress.

Best hope

There are increasing indications that there will be some form of deal involving decisions on linked subjects including lamb and energy supplies.

Any idea of a formal linking is rejected by Mrs. Thatcher, but Ministers accept that the best hope for a settlement lies in reaching parallel agreements on subjects of importance to other members of the Community.

A common fisheries policy is specifically excluded from such an agreement as there is no prospect of reaching a conclusion in the necessary time scale.

EEC budget payments Page 2

British Shipbuilders to shut Doxford Engines

BY WILLIAM HALL, SHIPPING CORRESPONDENT

DOXFORD ENGINES, Britain's only slow-speed marine diesel engine builder, is expected to cease production later this year under British Shipbuilders' plans for a major rationalisation of its engine-building facilities in the North-East.

Doxford is the only British competitor in the slow-speed marine diesel market dominated by Switzerland's Sulzer Bros. and Denmark's Burmeister and Wain.

More than 1,000 ships are powered by Doxford engines. In its hey day in the 1950's Doxford-designed engines were installed in about a dozen shipyards in Britain, and in countries such as Japan, Australia, Norway and France. However, its market share has fallen to 2 per cent.

Two years ago Doxford's engine order book was bigger than the combined order books of Britain's two other major engine builders, John E. Kincaid on Clydeside and Clark Hawthorn on Tyneside.

However, Doxford has been losing money for many years, its delivery performance has been poor and its production facilities outmoded. Just over a year ago it launched an intensive marketing drive to sell its new range of three-cylinder small bore engines but in spite of 24 overseas missions and about 200 sales meetings in the UK it has not won a single order as a result.

Under the British Shipbuilders' proposals, which have still to be considered by the Board, Doxford's workforce will be reduced from 750 to 250 by September and the company will concentrate on making spare parts for Doxford and Sulzer engines.

British Shipbuilders intends to invest substantially in modernising the Northumberland works of Clark Hawthorn at Wallsend on the Tyne. This will produce Sulzer and Stork Werkspoor engines under licence

The planned rationalisation of British Shipbuilders' North-East marine engine production comes against a background of the world's shipbuilding recession.

British Rail 'breakthrough' deal

BY PHILIP BASSETT, LABOUR STAFF

British Rail yesterday claimed a "major breakthrough" in concluding a 20 per cent pay deal for its 180,000 railway workers which included a union commitment to important productivity improvements.

Mr. Cliff Rose, board member for personnel, said productivity had been "the fundamental issue" to be resolved. "And we have cracked it."

Productivity discussions were begun afte rlast year's pay settlement but had virtually halted before this year's negotiations. Talks are expected to begin with the three unions soon on working practice changes to improve freight, parcels and administrative services.

A senior British Rail official said he had not seen a productivity commitment drawn up so tightly. The train drivers' union ASLEF had opposed including productivity in the final settlement, but Mr. Ray Buckton, general secretary, said he thought there would be "no problem" with the deal.

Ministers will be pleased that one of the pay award's final hurdles has been cleared without dispute. But they are likely to be les happy about its size, which is in line with the underlying growth rate in average earnings.

The 20 per cent deal follows similar deals for the miners, and power and water workers.

Details. Page 8

Bid to resolve BL strike

Union leaders and senior BL management met in London yesterday in a bid to resolve the strike by 18,000 workers. The talks were continuing late last night after more than five hours.

Mr. Moss Evans, general secretary of the Transport and General Workers' Union, earlier received calls from BL shop stewards to declare an all-out strike for all his 47,000 members.

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For latest Share Index phone 01-246 8026

How bartered fish could cut Britain's EEC budget payments

BY MARGARET VAN HATTEM IN BRUSSELS

COULD BRITAIN'S European partners persuade the UK to drop demands which are blocking progress towards a common fisheries policy, as part of the price of a cut in UK payments to the Community budget? Probabl;y not, if they attempt a crude trade-off. Mrs. Margaret Thatcher, the British Prime Minister, has taken a very hard line on what she likes to call "my fish," and has made it clear that sectoral interests will not be sold for budgetary cash in hand. Nevertheless, the British Government is putting out signals that, after nearly four years of abortive talks, it is ready to begin serious negotiations towards a common fisheries policy. The possibility of parallel—and perhaps not entirely unrelated—progress on the budget and fisheries issues this summer should not be ruled out.

Evers ince France's President Valery Giscard d'Estaing, in totting up the various concessions Britain might be persuaded to make in return for a budget settlement, suggested that fish should be included in the issue has become more complicated since December 1978, when the last serious talks on a common fisheries policy broke off, and it is no longer a simple case of Britain versus the other eight. Britain's preferential rights in its own coastal waters expire at the end of 1982. Britain, with one of the two biggest fishing industries in the Community, has more to gain than most from a common policy on management and conseravtion of fish stocks and more to lose if the dispute is not settled, and if rampant over-fishing continues. France, and to a lesser extent Italy, are keen to settle the issue before Greece, Spain and Portugal join the Community—the Spanish fishing fleet is bigger than that of any of the Nine.

Ireland wants a quick settlement, which would unblock Community funds for restructuring its industry. The Germans want an internal settlement so that fishing agreements with third countries, in particular with Canada, can proceed more smoothly. The Dutch are primarily concerned with secure access to herring. Denmark, on the other hand, could become policy will undoubtedly curb its large industrial fishing industry, and it may find the present virtual free-for-all preferable to a settlement. But to understand the state of play, it is necessary to go back a few years.

The first Community fisheries policy, establishing fish as a common resource in waters up to 12 miles from the coast, was cobbled together by the original six member states in 1970, while Britain, Ireland, Denmark and Norway were negotiating Community Membership. Many saw it as a pre-emptive move by the older members to secure access to the new ones' waters, especially since the international move to 200-mile limits was already in prospect. Britain, which foresaw the loss of rights in Icelandic waters, may have expected Norway to provide alternative fishing grounds for its deep-sea fleet. If it did, it miscalculated. Norway did not join the Community, but Britain did, under an accession treaty allowing it special rights in its coastal waters only until the end of 1982. The Community move to 200-mile limits in 1977 meant that Britain had, in joining the Community, given away far more than it had intended, and lost more in third-country waters than it had foreseen.

Consequently the negotiations for a common fisheries policy, taking into account the new 200-mile limits, have consistently foundered since they started in 1976 on British attempts to claw back what they unwittingly gave away. Britain insists that, since 60 per cent of the Community's fishing grounds are within the British 200-mile limit, Britain should get a similar proportion of the quotas of edible fish. It wants exclusive rights in waters up to 12 miles from its coast, and permanent rights to most of the fish in the 12 to 50-mile coastal belt. The other Community countries have always rejected these demands—particularly the French, who have long fished for prawns and whiting off Britain's south coast, and the Danes, whose industrial fishing industry is based in the North Sea.

When, under the previous UK Labour Government, the others became convinced that Mr. John Silkin, Britain's Fisheries Minister, had no intention of even settling, they got together in Berlin in January, 1978 and drew up a "gentlemen's agreement" to observe the Commission's quota proposals for that year. Britain retaliated by putting forward even tougher, more provocative demands, and by introducing unilateral fishing bans, ostensibly aimed at conservation but, in practice, often giving preference to British fishermen.

This left the Conservative Government an extremely awkward legacy when it came to power after the May 1979 election. The Berlin agreement was not properly observed—there was a great deal of over-fishing—and the Commission has not put forward quota proposals since then. But those who signed feel they have a right to the quotas they acecpted and, as the number of available fish has declined, will not easily yield their share to the British.

Mrs. Thatcher, meanwhile, had campaigned actively and successfully during the election in the northern fishing ports on the common fisheries policy, taking if anything an even tougher line than Mr. Silkin. She was therefore stuck with his virtually non-negotiable demands, since any concessions would have looked like a breach of faith. But the policy of intransigence was already beginning to backfire at the end of Labour's term of office—with stocks declining, the fish-processing industry becoming restless, and diplomatic relations becoming soured—and could embarrass the Conservatives. Last year's reintroduction of some of Mr. Silkin's fishing bans has led to a series of legal actions against the UK, on which the European Court of Justice is expected to rule in the coming weeks.

Britain needs a settlement before the end of 1982. It will want a better offer than the others have been prepared to make so far, but it will have to make concessions, for example on the question of permanent rights. Economically, these will not cost much—even in the UK fishing is a small industry, occupying only 0.1 per cent of the work force. The political difficulties, however, are clear from the table.

The Conservatives hold 13 of the 22 parliamentary seats associated with Britain's 18 major fishing ports, and strengthened their hold considerably in the last election—probably because of Mrs. Thatcher's campaigning. Fishing is an emotional subject in these constituencies, where unemployment is high and many jobs—in canning, processing and transport—depand on fish. Any concession is likely to be denounced as a sellout, with potentially drastic electoral consequences. Before the last election, at least seven of the Conservative seats were considered marginal. And the Government's present 43-seat majority could become less comfortable if the coming period of "unparalleled austerity" is as unpleasant as is predicted.

The bigger obstacle to a settlement is the conflict of British and Danish interests in the North Sea — a potentially explosive issue whose political implications could embarrass Mr. Finn Olav Gundelach of Denmark, the Fisheries Commissioner. Diplomats from several Community states believe he is reluctant to speed up negotiations until the Presidency of the European Commission, for which he is a candidate, has been settled. The more optimistic, however, expect a meeting of Fisheries Ministers in May, just before Community heads of government meet in Venice in June. They say serious negotiations for a common fisheries policy could resume just after the Venice summit. Concluding an agreement could still take several months but if, at the end, there are still any fish left in European waters, it will all, no doubt, have been worth it.

HOW THE FISHERMEN VOTED

Major UK fishing ports	Associated parliamentary seat	1979 election (party/majority)	1975 election (party/majority)
Fleetwood	North Fylde	Con. 26.9	Con. 32.1
Scarborough	Scarborough	Con. 20.2	Con. 24.3
Bridlington	Bridlington	Con. 22.2	Con. 22.7
Brixham	Torbay	Con. 23.7	Con. 19.9
Newlyn	St. Ives	Con. 25.5	Con. 15.4
Aberdeen	Aberdeenshire (West)	Con. 4.1	Con. 5.8
	Aberdeen (South)	Con. 1.2	Con. 0.7
	Aberdeen (North)	Lab. 29.5	Lab. 21.2
North Shields	Tynemouth	Con. 10.1	Con. 5.4
Lowestoft	Lowestoft	Con. 9.5	Con. 3.4
Whitby	Cleveland and Whitby	Con. 8.6	Con. 3.3
Ullapool	Ross and Cromarty	Con. 14.4	Con. 3.2
Milford Haven	Pembroke	Con. 9.8	Con. 1.4
Hull	Kingston upon Hull (East)	Lab. 26.6	Lab. 43.4
	Kingston upon Hull (West)	Lab. 15.5	Lab. 27.3
	Kingston upon Hull (Central)	Lab. 12.5	Lab. 23.0
Hartlepool	Hartlepool	Lab. 12.4	Lab. 16.7
Grimsby	Grimsby	Lab. 9.4	Lab. 1.2
Lerwick	Orkney and Shetland	Lib. 23.6	Lib. 39.0
Mallaig	Inverness	Lib. 6.6	Lib. 2.8
Peterhead	Aberdeenshire (East)	Con. 1.0	SNP 13.0
Whitehaven	Whitehaven	Lab. 10.3	Lab. 25.3

U.S. order removes threat to AWACS

BY ROGER BOYES IN BONN

A LARGE U.S. order for a military telephone system in West Germany has removed a key problem surrounding the controversial AWACS airborne early warning programme. The $1.8bn scheme has been the cause of considerable friction between Bonn and Washington.

The Postal Ministry said yesterday it would head a consortium of West German companis including Siemens and Standard Elctrik Lorenz (SEL) to carry out the DM 220m (£52m) contract to modernise the U.S. military telephone network in West Germany. The new system will make possible direct connection with the U.S. forces worldwide telephone network and with the public system of the West German post office.

The question of whether the U.S. would place substantial orders in West Germany became a delicate issue last year with considerable political and strategic implications. The U.S. and West Germany agreed in 1978 to fund about two-thirds of the AWACS programme.

In return for Bonn's participation, the U.S. agreed to buy about 9,000 military vehicles and a new telephone system from West Germany. In addition West German companies are to supply much of the complex aironics systems for the AWACS project.

These orders were slow in coming and the Christian Democrat opposition threatened to block funds for AWACS unless rapid progress was made. This effectively would freeze the whole AWACS which provides for the supply of at least 18 of the aircraft to the NATO allies.

Following a visit to Washington by Herr Hans Apel, the West German Defence Minister, orders for the motor vehicles have been coming in. The telephone order now means that the whole of the "offset" element of the AWACS deal has been satisfactorily dealt with.

Greeks set presidential poll date

By N. J. Michaelson in Athens

THE GREEG Parliament is to be convened next Wednesday to elect a new President of the country, the Cabinet decided yesterday. Prime Minister Constantine Karamanlis, who ill address the nation on the subject today, is expected to announce his candidacy for the post which becomes vacant on June 20 when the five-year term of President Constantine Tsatsos ends.

With the Socialists and the Communists, who together hold 104 of the 300 seats in Parliament, opposed to his candidacy, the 73-year-old politician cannot hope to be elected on either the first or second ballot which require at least 200 votes. But he appears certain to be elected on the third ballot in which he would need 180 votes.

Should he become President, Mr. Karamanlis, unlike Mr. Tsatsos, intends to continue to be the arbiter of Greek politics.

ENERGY REVIEW

Brussels aims for price and tax harmony

BY JOHN WYLES

ONE VIEW of the European Community is that it stands or falls as a system of economic and political alliance by the readiness of its members to give away areas of national sovereignty and see them incorporated into a common area of authority by the institutions in Brussels.

Thus thet EEC is judged as a partial failure by its sternest critics because after 20 years it still has only one true common policy, for agriculture, and exhibits constant difficulties in developing any other.

Energy is said to be one area where a Community with true vitality would have developed a substantial common response. Every Government, after all, is still wrestling with the economic and political consequences of its dependence on imported oil supplies. Wherever one looks in the Community one sees rising inflation rates, large balance of payments deficits and stodgy or non-existent economic growth—problems which are very largely attributable to the continuing spiral in the price of oil.

It would, however, be misleading to argue that the Community as a whole is failing to confront the energy crisis and that because the role of the European Commission in this area is very limited, then there is no common energy policy.

While every government has been opposed to passing on to Brussels any measure of control over such a vital national strategic question as energy supplies, the EEC members have, under the impact of a common crisis, developed a series of national policies which are carrying the Community towards the goal of reducing dependence on foreign imported oil and encouraging energy conservation and the growth of alternative supplies. At the political level, moreover, the Community was substantially responsible for launching the initiative last year which resulted in a commitment by its members and those of the International Energy Agency to freeze oil imports by 1985 at 1978 levels.

Nevertheless, substantially more still needs to be done if the Community as a whole is to achieve its strategic objectives. The next possible steps have been outlined by the European Commission in a series of documents which have been prepared for the next Heads of Government summit which is expected to take place in Luxembourg at the end of this month.

The Commission's approach is an interesting one because it makes no attempt to justify a major central role for itself. Instead, it continues to tug at the sleeves of member governments to highlight the shortcomings and divergences in their overall strategic policies for acquiring greater energy independence.

At the same time, it argues that future Community policies should be based on two planks: progressive harmonisation of energy prices and taxes so as to eliminate distortions of trade and consumption between member states, and the creation of some kind of energy fund to support the conservation and supply efforts of member states.

This minimalist design for action at Community level represents the Commission's best judgment of what is politically and technically feasible. Member governments are likely to demand a great deal more detailed work from the Commission before they take final decisions. But they are unlikely to question the case for further action by national governments if the achievements of the last seven years are to be consolidated and built upon.

In broad terms these amount to a weakening link between energy consumption and economic growth. In 1978 energy consumption in the EEC was about the same as in 1973 despite a 10.7 per cent growth in gross domestic product during the period. Oil consumption in the Community was 50m tons less than in 1973, while the EEC's dependence on imported fuel has fallen, with only negligible help from North Sea supplies, from 60 per cent in 1973 to 47 per cent in 1979.

At the same time, the proportion of total energy requirements met by oil has fallen during the period from 60 per cent to 55 per cent. This proportion should fall to 50 per cent by 1985 (about 10 per cent of which should be UK oil out of the North Sea). By 1990 the oil contribution to total energy needs could be further reduced to 45 per cent (again, 10 per cent of which should be provided by the North Sea).

If these estimates are realised, then the Community countries as a whole will have through the co-ordination of national policies and without passing new responsibilities to the bureaucratic centre. But despite the fact that the Nine have planned energy expenditure of £240bn (400bn units of account) for the next 10 years, Community experts believe that the 1990 target for oil dependence is almost certainly too optimistic. It is, for example, predicated on a five-fold increase in nuclear-supplied energy by 1990 and a 25 per cent increase in the consumption of coal.

Since 1974 there has been a marked shift in the use of solid fuels in power stations from 46.4 per cent to more than 53 per cent of all conventional thermal power stations. However, this development is highly qualified by the fact that the UK and West Germany account for 80 per cent of all Community electricity production based on solid fuels. On present knowledge, solid fuel burining should increase in all EEC countries except France during the 1980s with the important proviso that targets for the creation of new solid fuel burining capacity in power stations are in fact met.

Despite the fact that the Nine have planned energy expenditure of £240bn for the next 10 years, Community experts believe that the 1990 target of 45 per cent dependence on oil is almost certainly too optimistic.

On the nuclear front there is much sharter divergence between national policies, and with the safety issue in the forefront of popular concern, most governments are treading gingerly.

According to a Commission study produced last year, three member states — Denmark, Luxembourg and the Netherlands—have no nuclear power stations planned for the period up to 1990. More recently the Commission has concluded that the slippage of programmes elsewhere in the Community suggests that only about 70 gigawatts of nuclear capacity looks likely to be installed by 1985 instead of the 160 which the EEC agreed as a target in 1974. This was subsequently revised downwards in 1978 to 140 gigawatts by 1990, but this now looks completely unattainable—it represents, for example, some 12 to 15 new plants a year between 1985 and 1990 or the ordering of 12 new nuclear power stations every year from 1979 onwards.

If nuclear power is seriously slipping, then the attainment of the Community's targets for 1990 looks unlikely unless efforts are seriously stepped up on the energy-saving side. Despite substantiol progress in five states, Belgium, Luxembourg, Italy and Ireland were identified by the Commission last year as laggards in developing credible energy-saving programmes.

Developing its role as the negging voice of reason which seeks to keep the Community on paths it has already mapped out for itself, the Commission has now decided to try to focus EEC states' attention on the need for a harmonisation of energy prices and taxes as the basic strategy for promoting energy saving, changing consumption patterns and encouraging alternatives to oil.

The kernel of the Commission's argument was that "there is a certain price to be paid for reduced dependence on oil imports and the resulting longer-term stability of our economies." Fearful of the impact of higher prices on inflation levels, governments have tended to carry part of recent oil price increases on national budgets. "In the long term this distorts the forward calculations of the economic operators, makes economic calculations more difficult and less certain and delays the implementation of investment projects which are suited to the real scarcity of resources," says the Commission.

Its survey of existing energy pricing and taxation policies within the Community points to considerable diversity. On prices, the Irish industrial user has been paying twice as much for his electricity as his German counterpart, the Italian company more than twice as much as its French equivalent for industrial natural gas, and Italian and Dutch transport companies between 65 and 70 per cent of the diesel fuel price in France.

The Commission has also been able to show that in many cases the growth in tax rates has not kept up with product prices. In the case of gasolene this is true of all EEC countries except Denmark and Ireland. In Belgium, the gasolene tax at the beginning of 1973 was more than three times higher than the pre-tax price but only 114 per cent higher at the start of this year. In the UK a tax which was once 178 per cent of the pre-tax price was at the start of the year a modest 77 per cent. (Recent budget measures will reverse this trend.)

The Commission is telling the European Council that here can be no harmonisation of energy policies without harmonisaticn of energy prcies and taxes. It is hoping, as a result, to be set to work in this exceedingly difficult area. A measure of past, and perhaps present, political will on this front is the fact that the Commission proposed a draft directive for the harmonisation of excise duties on mineral oils as long ago as October, 1973, and the proposal has been gathering dust for the lack of government's attention ever since.

The Commission would like to revive this proposal and is giving notice that it is also preparing suggestions aimed at improving the transparency of gas prices within the Community, the adoption of a uniform two-part tariff structures and some form of linkage of gas and oil prices through the elimination of subsidies on the former.

At the same time, the Commission says it is working on harmonisation proposals for electricity prices whose main features could be the adoption of uniform two-part tariff structures, publication of tariffs, elimination of promotional tariffs which cut prices to large companies, and the encouragement of multi-tier tariffs to boost off peak consumption and load smoothing.

The Commission rightly notes that convergence on pricing and taxation will require "the mobolisation of political will at the highest levels within the Community." Should this be found lacking among Heads of Government for the time being, then the Commission is also inviting them to take an initiative which would be an earnest demonstration of their desire to do something further about oil imports, the development of energy alternatives and the allocation to the Community of modest powers of initiative.

These would derive from "an expanded Community programme of investment support" aimed at removing obstacles which prevent investments being undertaken, for example lack of funds or high technology risk or which delay investments. Conscious of political reluctance in many member governments to increase its role in any policy area, the Commission says that it would wish to allow the maximum national judgment and control of projects and that the investment programme would fit in with and supplement national programmes. All member states should benefit, but especially those most dependent on oil.

With the existing Community budget likely to run out of funds in the next 18 months, there is obviously no scope for finding the £600m-£1.2bn a year which Commission sources privately indicate they would like for the fund.

Some member governments are likely to see the proposal as an attempt at self aggrandisement by the Eurocrats, and certainly more detail and argument is needed to make it a convincing one. Partly because of differences of opinion among the 13 Commissioners, the Commission has not yet opted for precise means of raising these new resources for energy investment. But it is understood that Herr Guido Brunner the Energy Commissioner and Mr. Roy Jenkins, the Commission's president, favour a small tax on all oil imports which would have a negligible effect on Community-wide inflation but produce quite sizeable returns to Brussels.

But given the length of time which the Community needs to take decisions of this kind, the probable departure of both men men from Brussels at the end of this year makes it unlikely that they will still be in office when, and if, the EEC brackets energy with agriculture as a suitable candidate for a large Community spending programme.

ENERGY TAXATION

INCIDENCE OF TAXES AS % OF PRE-TAX PRICE

		Belgium	Denmark	Germany	France	Ireland	Italy	Holland	UK
Premium petrol	1.1.73	308	123	198	233	178	287	247	178
	1.1.80	114	171	109	147	181	174	120	77
Automotive diesel	1.1.73	150	n.a.	205	162	215	334	347	205
	1.1.80	51	41	101	98	39	26	57	86
Domestic heating oil	1.1.73	42	19	19	30	5	30	4	11
	1.1.80	18	44	16	34	3	27	26	5
Residual fuel oil	1.1.73	28	15	34	18	5	15	31	22
	1.1.80	2	34	5	0.1	5	0.7	5	8
Domestic coal	1.1.80	6	n.a.	13	17	0	n.a.	n.a.	0
Industrial coal	1.1.80	6	20	13	18	0	14	1	0
Domestic gas	1.1.80	6	44	18	33	0	5*	18	0
Industrial gas	1.1.79	6	—	13**	18**	0	14	18	0
Domestic electricity	1.1.79	16	29	19	28	0	8	18	0
Industrial electricity	1.1.79	16	20	12	18	0	14	17	0

* 1.1.79. ** 1.1.78.

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Bonn sets upper limit of £1.2bn in Saudi loans

BY JONATHAN CARR IN BONN

WEST GERMANY'S direct Government borrowing from Saudi Arabia is likely to be more than DM 3bn (£7.5m) this year but will not exceed DM 5bn (£1.2bn) according to officials.

The details make clear for the first time the extent of the accord reached earlier this year between Bonn and the Saudi Arabian Monetary Agency (SAMA). The agreement has been the subject of much speculation and the West German opposition has demanded more information, which may be given in a parliamentary answer soon.

Apart from the Saudi deal Bonn is also borrowing direct DM 1bn from the United States. These are the only two countries with which Bonn has concluded direct deals and both involve the sale of medium term Government paper of two years or more.

In addition to these operations, German public authorities are raising funds indirectly — that is via the commercial banks. It is not clear exactly how much of this borrowing is from foreign sources or which countries are involved although several oil-producing states are believed to be among them.

The door to increased foreign borrowing was opened a month ago when West German monetary authorities relaxed restrictions on capital imports. They did so in a context not only of a large Federal Government deficit, but of a big current account deficit and a weakening Deutsche Mark. Bonn feels that raising funds abroad relieves the domestic capital market and helps prolong the German economic upswing.

Aid pledged for Saarland steel

BY ROGER BOYES IN BONN

THE WEST GERMAN Government has pledged a large injection of financial support for the ailing steel industry in the Saarland, some 10 days before important local elections are to be held in the state.

This is the latest in a number of government support measures for the steel industry which has frequently criticised the subsidies given its competitors in Britain and France. The Federal Research and Technology Ministry and the state of North Rhine Westphalia recently agreed to give cheap loans worth DM 240m (£57m) to the Dutch-West German Estel oesch group towards the construction of a steel plant in the Ruhr.

The latest step provides for the allocation of DM 100m worth of repayable grants to Roechling Burbach and Dillinger nette towards the construction of a pig iron works and a coking plant in the Saar. The funds, to be provided between 1981 and 1983, are expected to be matched by a DM 10m contribution from the Saarland state government.

Two considerations appear to be behind these moves. In the first place, the Government, though in sympathy with the calls for free market principles in the steel industry, realises that many concerns do not have enough ready capital to modernise adequately and cling on to the West German share of the world market.

Secondly, both the Hoesch and Saarland measures tacitly acknowledge that many jobs are at stake. Without the Hoesch aid, for example, an estimated 10,000-15,000 jobs could have been lost over the longer term.

The Saarland elections are a finely balanced affair. The state is governed by a coalition of the Christian Democrats (25 seats) and Free Democrats (three seats), while the Social Democrats (the main ruling party in the federal government) is in opposition with 22 seats.

Meanwhile, first-quarter order and production statistics from the Iron and Steel Federation show rather that the effects of last year's slight revival in demand are continuing to buoy business. The crude steel production for the first three months would, if continued at present levels, reach 46m tonnes this year. Orders are up, too, though this is in comparison with strike-affected order books of 1979. The British steel strike has also boosted orders from abroad.

Italy aims for PSBR of £22bn

BY PAUL BETTS IN ROME

THE ITALIAN public sector borowing requirement—including state sector, nationalised industry and local authority expenditure—is expected to total L43,000bn (££2.2bn) this year compared to an original target of about L40,000bn (£20.6bn).

The estimate was disclosed in Parliament yesterday by Sig. Filippo Maria Pandolfi, the Treasury Minister, who also indicated Italy might seek to contain the amount of the PSBR to be financed domestically by borrowing some L2,500bn abroad.

The latest estimate represents an increase of L10,000bn in the enlarged PSBR compared to 1979. Italy's enlarged public sector deficit has traditionally represented one of the key structural weaknesses of the economy, and the new Government has committed itself to introduce medium-term measures to seek to contain it.

Italy's enlarged PSBR last year declined from L34,862bn (£17.9bn) in 1978 to L33,046bn (£17bn) largely as a result of increased revenue from fiscal drag and reduced expenditure following the failure to carry out a numbe rof capital expenditure projects. This was due to the protracted Government crisis and the premature general election last year which paralysed parliamentary activity for several months.

The seharp increase in the enlarged PSBR this year reflects in part the postponement of 1979 capital expenditure programmes which have been carried over into this year's budget. But the rise in the 1980 estimate is also believed to take into account the new labour contracts being negotiated in the public sector.

The Treasury Minister also indicated that total domestic credit expansion this year is expected to amount to L59,300bn.

Insolvent Swiss banks cost creditors £250m

By John Wicks in Zurich

CREDITORS OF insolvent banks lost a total of almost SwFr 1bn (£250m) in the period 1971-79, according to the Swiss Banking Commission. The Commission, which yesterday released provisional figures for the 15 banks involved, said that half of the losses were estimated to be connected with portfolio management.

None of the banks had accepted so-called privileged savings accounts, Dr. Hermann Bodenmann, the Commission president, said in Berne. This indicated that the existing regulation intended to protect savings, with a bankruptcy privilege limit of SwFr 10,000, had become virtually meaningless.

In the period, total losses of non-bank creditors amounted to an estimated SwFr 960m (£240m), of which some SwFr 720m (£180m) was accounted for by creditors outside Switzerland.

Haughey angered by Irish Bank's muscle-flexing

BY STEWART DALBY IN DUBLIN

THE ANNOUNCEMENT by Mr. Michael O'Kennedy, Irish Finance Minister, that he will subsidise mortgage rates by increasing the present £2,400 (£2,140) relief for mortgage interest payments can be seen as the latest round in the simmering row between the Irish Government and its central bank.

The country's five major building societies want to increase their rates. At the moment the standard mortgage rate is 14¾ per cent. As the four main associated (retail) banks put up to 18½ per cent last week their standard rate on one-year loans and overdrafts, the building societies are under pressure to push up their rates if they are not to lose deposits to the banks.

While the building societies have agreed to defer a decision until next week, the four main banks last week announced a rise in interest rates, apparently to the fury of the Government and Prime Minister Charles Haughey. Apart from the electoral damage that higher interest rates (and inevitably an increase in mortgage rates) can do.

Mr. Haughey is thought to be annoyed by the independent spirit which the central bank is displaying. In operational terms, the central bank is working more like the Bundesbank than the Bank of England.

The irony is that the central bank has been able to demonstrate any autonomy at all for the past year. Until Ireland broke the 150-year parity link between the Irish punt and sterling in April 1979, interest rates were pegged to those in Britain.

Since borrowers and depositors had access to British banks, interest rates in the Republic tended to be within a quarter per cent of those prevailing in London.

When Ireland joined the European monetary system last April and the parity link was cut because of the strength of sterling, the central bank found that it had power of credit control for the first time in its history.

Other observers, however, would say that the central bank is the one of the few bodies in the country obiserving the discipline necessary to get the economy right in view of the Goverent's heavy indebtedness, and Ireland's own economy. This year the Government's public sector borrowing requirement will amount to 10.4 per cent of gross national product, if it is lucky. Certainly, mortgage relief will not help it stay within this target.

Last year the central bank agreed that credit should not expand by more than 18 per cent. Since the associated banks at that time were obliged to maintain liquidity ratios of 48 per cent with the central bank, this guideline was more or less adhered to.

This year the central bank has imposed a 13 per cent limit on credit expansion, with a 9 per cent ceiling on personal borrowing. With inflation this year of at least 15 per cent, this effectively means no increase at all.

Some government officials would argue that the central bank is unnecessarily holding down expansion in industry by its limits.

Le Canard ordered to pay token damages

By David White in Paris

TWO FRENCH newspapers were ordered yesterday to pay token damages in the first court case arising out of the Bokassa diamonds episode involving relatives of President Valery Giscard d'Estaing.

But Le Canard Enchaine, the newspaper which published the first allegations last October that the President, two cousins and a number of other well-placed people had received gifts from the former Central African dictator, was found guilty of libel in only one of two cases.

It was ordered to pay FFr 1 (10p) damages to M. Francois Giscard d'Etaing for stating that he received gifts in return for helping to settle the cost of Emperor Bokassa's coronation in December, 1976.

The Paris tribunal ordered Francois's brother, M. Jacques Giscar dd'Estaing to pay legal costs since the newspaper had said only that he received diamonds and not that he had done anything reprehensible in exchange.

The two men were each awarded FFr 1 from the Right-wing publication Minute, which alleged that they had been rewarded for shady deals.

The French President has said that he will not sue newspapers for personal attacks. He has not directly confirmed or denied having received diamonds, which Le Canard Enchainé has said he did on several occasions while Finance Minister and while President.

● M. Alain Peyrefitte, Justice Minister, yesterday issued a terse denial of stories about a report on the tactics of the Gaullist leader, M. Jacques Chirac, which he was said to have sent to the President

Sterner French tone to Moscow

BY ROBERT MAUTHNER IN PARIS

FRANCE YESTERDAY issued a stiff warning to the Soviet Union that its continued military occupation of Afghanistan could destroy the whole foundations of East-West detente.

In a long statement to the National Assembly, M. Jean Francois-Poncet, the French Foreign Minister, made it clear that his government's willingness to keep the lines of communication to Moscow open did not mean that it condoned the Soviet action.

Mr. Francois-Poncet, who is due to meet Mr. Andrei Gromyko, the Soviet Foreign Minister, in Paris next week, said that "France has some things to tell the Soviet Union.

"No one is better placed than France to make the point that it is up to the Soviet Union to take the necessary steps to restore detente," the Foreign Minister said in one of the most comprehensive condemnations of the Soviet invasion of Afghanistan that has been heard from a French Minister.

What had been presented at the end of December last year as a limited and temporary operation had progressively become a massive and permanent intervention. None of the explanations given by the Soviet Union concerning an appeal made by the Afghan atuhorities to Moscow or alleged foreign interfernce in the internal affairs of the country had been borne out by th efacts, the Foreign Minister said.

The Soviet action was unacceptable, not only because it deprived the Afghan people of their independence, but beause it had taken place in a strategic region and thus jeopardised world peace.

Significantly, the French Foreign Minister was much less outspoken on the Iranian crisis than on Afghanistan. He gave no inkling of what measures France proposed to take in reply to President Jimmy Carter's latest appeal to the European allies to supporte the U.S.

While M. Francois-Poncet condemned Iran for its violation of international law in the U.S. hostages affair, and expressed France's firm intention to honour its obligations within the Atlantic alliace, he stressed that the alliance was one "between free and equal peoples."

In a barely concealed criticism of President Carter's efforts to make the European countries toe the American line, M. Francois-Poncet said that the Atlantic alliance was not, as far as he knew, "that of a protector and its proteges."

Zia attacks U.S., Page 4

M. Francois-Poncet: something to tell Moscow.

Bonn probes Kremlin intentions

BY OUR BONN STAFF

THE WEST GERMAN Chancellor Herr Helmut Schmidt, yesterday held lengthy talks with Herr Guenter Mittag, a senior member of the East German Politburo, thus underlining Bonn's determination to keep open channels of communication with the East despite international tension.

However, the Chancellor appears to be no nearer fixing a firm date for a visit to East Berlin—a visit that had been planned in vague terms before the Soviet invasion of Afghanistan. It was disclosed earlier this week that Mr. Leonid Brezhnev, the Soviet President, has proposed an early summer meeting with the Chancellor. The disclosure naturally raised the question of renewed summit-level links between East and West Germany.

Herr Mittag is the most senior East German official to visit West Germany since 1970. And Bonn's main aim in yesterday's talks was to ascertain from him the extent of Moscow's willingness to talk about arms control and its readiness to agree to some kind of face-saving withdrawal from Afghanistan.

The Chancellor is also understood to have emphasised that any summit talks with Herr Erich Honecker, East German President and Communist Party leader, would have to produce concrete results.

In a speech yesterday Herr Schmidt stressed that the West should not strike too tough a pose, but, at the same time, he gave the strongest indication yet that Germany would boycott the Moscow Olympics. "Today, I have to declare, with deep regret, that the pre-conditions (for Olympic participation) have not yet been created," he said. A final recommendation to the national Olympic Committee is not expected to be made before next Wednesday.

Count Otto Lambsdorff, the West German Economics Minister has been commenting on East-West relations in a similarly mild tone. He stressed before presenting the Government's economic report to Parliament yesterday that Eastern Europe should not be dragged into any trade sanctions move against the Soviet Union. The U.S. was in complete agreement on this point, he said.

In talks with Count Lambsdorff, Herr Mittag promised that East Germany would clamp down on abuses of inner-German trade, such as the re-exporting of cheap textiles obtained through West Germany. The two men discussed the possibility of extending the DM 850m (£206m) interest free credit line extended by Bonn to East Germany.

Figures indicate Russia beating grain embargo

By David Satter in Moscow

THE SLAUGHTER of Soviet livestock fell sharply in March, an apparent sign that the authorities believe they can beat the U.S. grain embargo and are determined to preserve the size of the herds.

Agricultural output figures for the first quarter showed that meat production rose only 4 per cent in January to March compared with the same period in 1979 even though it had risen 13 per cent in January and February.

The end of wide-scale slaughtering in March was attributed by experts to Soviet success in acquiring grain from non-U.S. sources and a desire to preserve herds even at the cost of falling meat production for the rest of the year.

OVERSEAS NEWS

Franco-Tehran oil impasse over S. African holding

BY ANDREW WHITLEY IN PARIS

NEGOTIATIONS between France and Iran over the supply of crude oil to the two French state-owned oil companies, Compagnie Française des Pétroles (CFP) and Elf-Aquitaine, are deadlocked and unlikely to be resolved soon.

A key problem in the case of CFP is Iran's demand that the French company take over its 17.5 per cent shareholding in the South African refinery at Sasolburg. Iran halted crude supplies to South Africa in January 1978, shortly before the Tehran revolution.

According to French officials, CFP indicated its agreement in principle to take over the Iranian stake through its Total (South Africa) subsidiary, which also has an interest in the refinery. But CFP also informed the National Iranian Oil Company (NIOC) that outstanding debts amounting to the equivalent of £9m would have to be paid off first.

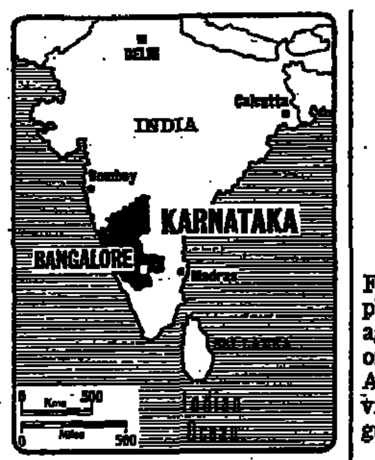
Elf-Aquitaine used to take relatively modest volumes of oil from Iran through Sofiran, which produced oil on a service contract basis from an offshore field centred on Sirri Island in the Gulf. However, all such joint venture and service contracts with Iran were dissolved at the beginning of this year.

The deadlock with the two French oil companies means that, of all major Western countries, France is currently the only one not receiving any Iranian oil directly. That may have some bearing on any decision to support European Community sanctions against Iran, if these are agreed upon.

On the other hand, French exports to Iran, particularly of food, have picked up strongly in recent months and are now running at over 75 per cent above 1979 monthly levels. Figures unpublished so far show that in January and February, France sold £55m worth of goods to Iran.

Apart from the Sasolburg shareholding condition, CFP was also asked by Iran to try to resolve a dispute between the two countries' authorities over a French court's freezing of a £455m loan made to the Eurodif uranium enrichment consortium in 1974.

CFP is reported to have replied that it is unable to interfere in the matter. So far the French Government has not moved to intervene either. During the intermittent negotiations in Tehran, NIOC is believed to have offered the French company 30,000 barrels a day of crude oil for the rest of 1980.



Power cuts force Indian plant closures

By K. K. Sharma in New Delhi

A SEVERE electricity shortage forced the closure of two major public sector undertakings in Bangalore, Karnataka state, yesterday. About 30,000 workers are to be laid off and many smaller private undertakings are also threatened with closure.

The two undertakings closed so far are the Hindustan Machine Tools and Indian Telephone Industries plants. Three more public sector units in Bangalore—Hindustan Aeronautics, Bharat Electronics and Bharat Earth Movers — are also threatened with temporary closure until power generation improves.

The five undertakings are among the biggest in the country and their closure will mean a heavy loss to Karnataka state, whose economy they dominate, and also to the country as a whole.

The industrial community in Karnakata is shocked because power supply to all high tension consumers has been cut off without warning. The action has been taken because of the low level in the Linganamaki reservoir which feeds the generators.

The situation in Karnataka has brought into the open the seriousness of the power supply position throughout India, particularly in the industrial regions of the West and East. West Bengal and Maharashtra, two of the most heavily industrialised, states, have been hit by load shedding owing to erratic generation for many months.

Low levels in reservoirs at a number of hydroelectric projects were caused by drought last year, but faulty maintenance at thermal plants which have been supplied with the wrong grades of coal is also blamed for current difficulties.

India's new planning commission is to meet for the first time on Monday under the chairmanship of Mrs. Indira Gandhi, the Prime Minister.

Iran-Iraq conflict unlikely

BY PATRICK COCKBURN

IN THE past two weeks Iran and Iraq have moved to the point where open war between the two countries looks possible. Ayatollah Khomeini has called for the overthrow of the ruling Baathist regime of Mr. Saddam Husein, the Iraqi President, and the Iraqis have replied in kind.

Border skirmishes — sometimes exaggerated by propaganda — have intensified. The Iraqis have expelled some 15,000 Kurds and Shi'ites to Iran. They have also backed Arab separatists in the main Iranian oil province of Khuzestan. Over the last year there have been continual attacks on Iranian oil pipelines and the saboteurs have almost certainly been trained in Iraq.

Last Friday Mr. Abolhassan Bani-Sdr, the Irnin President, said that his troops would feel free to exercise the right of hot pursuit into Iraqi territory. His Foreign Minister, Mr. Sadeq Qotbzadeh, has also called for the overthrow of the Baghdad government as a precondibetween the two countries.

Will these rhetorical broadsides and military skirmishes lead to a full scale war? There is no doubt about the depth of mutual dislike. But both sides have more to lose than gain from widespread hostilities.

Up to 1975 the Government in Baghdad was frequently on the verge of war with the Shah who backed the Kurdish revolt in the mountains of north east Iraq. Agreement was finally reached in Algiers where the Shah abandoned his alliance with the Kurds while the Iraqis gave up some territorial rights to the Shatt al-Arab, the waterway to the Gulf. This arrangement satisfied both sides if it did not lead to close amity. Ayatollah Khomeini continued to live in Iraq until expelled at the end of 1978.

Unfortunately for Mr. Saddam Hussein the fall of the Shah reopened all the old questions he believed finally settled. More than half the Iraqi population belong to the Shi'ite sect; the Government is dominated by Sunni from the north of the country. It is to the Shiah, who make up much of the soldiery of the 190,000 strong Iraqi army that Khomeini has made his appeal. In response the Iraqis have arrested Imam Mohammed al-Bakr al-Sadr, the religious leader of the Iraqi Shi'ites. There are unconfirmed reports that he has been executed.

In addition the Iranians can restart the Kurdish rebellion on Iraq. Though fighting over the past year has been well below the 1975 level several Iraqi divisions are tied down in the area.

Aware of their weaknesses the Iraqis have despatched a number of envoys to Tehran to try to reach an agreement. So far they have been rebuffed. But the Iranians are worried by the potential the Iraqis have to stir up their own minorities in Khuzestan and Iranian Kurdistan. Last Wednesday, for instance, five people were killed in the refinery town of Abadan. On the same day 13 revolutionary guards and soldiers were killed in Kurdistan.

In Middle East politics such bellicosity, actual and verbal, is not out of the ordinary. Frequently it is the precursor of a deal such as that arranged between Baghdad and Tehran in 1975. But Khomeini is a different quantity and he may well be right in believing that he has a more potent weapon in appealing to sectarian loyalties of the Iraqi Shi'ites.

Whatever the disorganisation of the Iranian armed forces religious enthusiasm would make it a potent obstacle to any enemy. This, combined with the threat of internal dissidence, is likely to dissuade Baghdad from launching an all out military attack. And faced with the U.S. embargo, the possibility of the EEC adopting sanctions, and the threat of U.S. military attack it is unlikely the Iranian leaders will wish, for the moment, to overthrow the Government of their western neighbour.

Autonomy talks may be eased by U.S. device

By David Buchan in Washington

U.S. OFFICIALS claimed yesterday to have resurrected a valuable procedural device that would allow a self-governing Palestinian authority to be set up on the West Bank of the Jordan and in the Gaza Strip, without all its powers first having to be agreed line by line by Egypt and Israel.

A White House official said the two achievements made in talks this week with Mr. Menahem Begin, the Israeli Prime Minister, and with President Anwar Sadat last week, were a new political push for agreement by the end of May and the use of a "continuing committee" to try to resolve outstanding issues.

Such a committee was provided for in the Camp David accords and was to be composed of representatives of Egypt, Israel, Jordan and the Palestinian self - governing authority. It was intended mainly to deal with the fate of Palestinians who had left the West Bank and Gaza since 1967.

But the Camp David accords also allowed for the continuing committee to deal with other matters of common concern. The U.S. has now persuaded Egypt and Israel to agree to widen the proposed committee's scope. It has also been agreed that the U.S. should join the committee which would be set up if an dwhen the main autonomy negotiations are complete.

The White House said yesterday that the proposed committee was no place to shelve the tough basic differences of principle

Begin faces Cabinet crisis over Weizman poll call

BY DAVID LENNON IN TEL AVIV

ISRAEL'S prime minister, Mr. Menahem Begin, flies home from Washington this morning to the most serious crisis his shaky coalition Government has faced.

The call for early elections made on Wednesday night by Mr. Ezer Weizman, the popular Defence Minister, and his criticism of Mr. Begin's leadership will make it very hard for the Prime Minister to continue as though nothing has happened —a policy which he has adopted in the past.

If he forces Mr. Weizman to resign, Mr. Begin may well precipitate the fall of the Government, which is what the Defence Minister is seeking. But ignoring the Minister's remarks would only weaken further Mr. Begin's already severely eroded standing.

Reaction in Israel to Mr. Weizman's criticism of the Government has been mixed. Members of Mr. Begin's Herut Party of which the Defence Minister is a senior member, were deeply angered by Mr. Weizman's call for early elections and many of them said he should resign.

Members of the Liberal Party, the other senior partner in the ruling Likud block, were more muted in their response. They confined their criticism mainly to the timing of the declaration—while Mr. Begin was in Washington for talks about Palestinian autonomy.

The Liberal Party leader, Mr. Simcha Erlich, the Deputy Prime Minister, issued a call several weeks ago for early elections because of constant squabbling among Cabinet members. Nevertheless he said yesterday that he expected Mr. Begin to forgive Mr. Weizman and that the Defence Minister would remain in the Cabinet.

Triple-figure inflation and growing unemployment have caused the Government's popularity to fall to its lowest level yet. Recent opinion polls showed that the Likud block, if led by Mr. Begin, would win only 22 seats in the 120-member Knesset if elections were held now.

The same polls showed that if Mr. Weizman were to lead the Likud block it would retain most of its seats. It is clear that the Defence Minister is hoping that this may help him to take over the leadership.

Another alternative would be for Mr. Weizman to lead a new centrist grouping, excluding the Herut Party whose hawkish policies appear to be seen by the Defence Minister as out of tune with the situation created by the signing of a peace agreement with Egypt.

Even if it is decided to call elections in advance of the due date in November, 1981, they will take some months to organise. During that time negotiations are to continue with Egypt on Palestinian autonomy. The outcome of those talks could play a vital role in deciding the winner of elections if they are held this autumn.

Zia attacks U.S. over Afghanistan

By David Housego

PRESIDENT ZIA-UL-HAQ, the Pakistani leader, sharply attacked the U.S. yesterday for its "inadequate response" to the Soviet invasion of Afghanistan.

Speaking in Salisbury, where he is attending the independence celebrations for Zimbabwe, President Zia said that on such occasions practical steps were more useful tha nstatements, but he did not spell out what action he expected the U.S. to take.

Such blunt remarks reflect the widespread belief amongst Mosle mstates that the West has, in effect, acquiesced in the Soviet occupation. But they strike an odd note coming from General Zia.

He probably sees some political advantage in distancing himself from the U.S. with whom he has a bilateral pact against Russian aggression and with whom he is still negotiating for economic and political aid.

President Zia confirmed yesterday that he could be having talks in Salisbury with Mrs. Indira Gandhi, the Indian Prime Minister, on the Afghanistan issue.

Although the two countries share a common interest in reducing the risk of military rivalry between the superpowers in the region, their remarks yesterday confirmed that their positions are still wide apart.

President Zia strongly condemned the Russian invasion while Mrs. Gandhi, en route to Salisbury, said that prospects for a Soviet withdrawal would improve if other countries stopped condemning the invasion and assured the Soviet Union that its interests were not threatened.

Meanwhile the Soviet news agency, Tass, reported yesterday that the Afghan Government had proposed both bilateral talks with Iran and Pakistan and a regional conference to ensure peace in the area.

The proposal would probably be supported by India. But it is unlikely to make speedy progress because Iran and Pakistan have broken off direct contacts with Kabul. The Islamic conference in Islamabad in January agreed that a condition for talks must be the withdrawal of Soviet troops from Afghanistan.

Third methanol deal for Pretoria

BY QUENTIN PEEL IN JOHANNESBURG

PLANS FOR large-scale production of methanol from coal in South Africa took another step forward yesterday with the announcement of an agreement between Anglo-Transvaal Consolidated (Anglovaal), one of the big six mining houses, and Caltex, the U.S. oil company, to investigate both production and distribution.

The announcement is the third by a South African group in recent weeks to propose mass production of methanol from South Africa's huge coal reserves, as an alternative to oil-based fuels, particularly diesel.

Previous announcements have come from AECI, the country's biggest chemicals group, in which Britain's ICI and South Africa's De Beers hold equal shares, and Sentrachem, the other major chemicals combine. General Mining, the country's second largest mining house, has also unveiled a scheme to produce oil from coal, as the Sasol plants are already doing.

Although none of the plans have yet been completed, they are a positive response to South African Government offers of tax and other incentives to producers of alternative fuels to petrol and diesel. The campaign is a concerted effort to reduce South Africa's reliance on imported oil, and convert instead to coal-based energy.

Once the three Sasol plans are on stream, officials say 47 per cent of the country's liquid fuel requirements will be met from that source, while alcohol fuels (methanol and ethanol) could provide a further 15 to 20 per cent.

Anglovaal's plans envisage a large-scale methanol plant on the group's known coal reserves at Witbank in the Transvaal. The agreement with Caltex is likely to concentrate on distribution problems, while a research programme already sponsored by the company at Cape Town University, is studying the conversion of diesel engines to methanol-diesel and pure methanol mixtures.

AMERICAN NEWS

Ford cuts bonuses to conform with wage policy

BY IAN HARGREAVES IN NEW YORK

FORD MOTOR has agreed to place tight restrictions on management pay rises this year in order to get itself off the U.S. Administration black list as a violator of the voluntary wage guidelines.

The move, Ford said, will mean that most of its 4,000 senior managers in the U.S. will earn less this year than last after reduced bonus payments are taken into account.

Bonus payments will be cut because Ford expects to show a heavy loss in the first half of this year and possibly for the whole year. Last year it earned more tha n$1.1bn.

Ford was placed on hte blacklist in March because the Council on Wage and Price Stability ruled that its settlement last autumn with the United Autoworkers Union (UAW) fell outside the guidelines.

Ford says it will ensure that management salary increases this year will fall at the lower end of the Government's 7.5 to 9.5 per cent target.

The Council said it would accept Ford's proposal, although it did not normally allow excessive hourly paid wage increases to be offset by lower increases in salaried grades.

Because of Ford's losses, however, it was not appropriate to insist that the company make up for its UAW settlement by holding down prices, as General Motors has done.

David Buchan adds from Washington: Mr. Robert Russell, director of the Council on Wage and Price Stability, has come under pressure from his White House superiors for making little secret of his view that the Administration is making the voluntary incomes policy too lax.

There was indeed speculation yesterday that Mr. Russell might resign from one of the most thankless jobs in the Government, following an interview in yesterday's New York Times in which Mr. Alfred Kahn, the President's anti-inflation adviser, openly admitted he had tried, and for the moment failed, to find a replacement for Mr. Russell as director.

Mr. Kahn said he had tried to find "someone who is more of a politician, demon investigator, jawboner, quiet negotiator." Mr. Kahn, who is chairman of the Council, the lead agency in implementing President Carter's pay and price guidelines, and thus Mr. Russell's boss, said he could find no one to fit this bill.

Mr. Russell was known to have disapproved of the Administration's recent relaxation of the wage standard from an 8 per cent annual raise last year to between 7.5 and 9.5 per cent this year. This was done to mollify trade unions in the election year, it was felt in some quarters.

Mr. Russell was more discreet this week when an Administration price advisory committee recommending modifying the current price guideline ot allow a 0.75 per cent raise over the rate of increase in the 1976-77 base period. The present standard calls simply for companis to keep price rises in 1978-80 to the same level as in 1976-77.

He said his agency would study the proposed change seriously and present a quick response. The advisory group urged the price standard be changed to bring it back into relation with the adjusted wage guideline.

Jamaica in deal on debt payments

By Raymond Whitaker in New York

JAMAICA HAS reached a temporary agreement with about 80 banks, most of them in the U.S. and Canada, to prevent the country defaulting on a large proportion of its foreign commercial bank debt of U.S.$450m.

Bankers here said the agreement, reached as the general assembly of the Inter-American Development Bank in Rio was in progress allows the island to "roll over" principal repayments on 87½ per cent of this debt, subject to a month by month review.

Interest payments on the total debt, and principal repayment on the other 12½ per cent owed will continue. Jamaica's total foreign debt, most of it to the International Monetary Fund, comes to U.S.$1.3bn.

Mr. Hugh Small, the new Jamaican Finance Minister, failed to reach agreement on the country's foreign commercial debt when he met bankers in New York earlier this month. Under an agreement reached in March last year, the proportion of debt now being rolled over should have been converted into longer-term loans on April 1, this year and April 1 next year, but Mr. Small was told that no substantial rescheduling was possible while economic conditions in Jamaica remained unstable.

Most of the debt now being rolled over was due for repayment within the next three years. One banker said: "By April next year a rescheduling agreement may be possible, but further loans are out of the question."

The IMF in Washington described the agreement as "helpful," but would not comment on whether Jamaica was likely to be forced to return to the Fund for assistance despite its repudiation last month of the terms of the IMF was demanding during discussions on further assistance.

Informal talks on Jamaica's plight may take place at next week's meeting of the IMF Interim Committee in Hamburg.

IMF board votes to admit China as member in place of Taiwan

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE BOARD of directors of the International Monetary Fund yesterday voted to admit the People's Republic of China to membership and, in effect, to expel Taiwan.

The brief IMF announcement said that the board had determined that "the People's Republic represents China in the Fund" and that its quota would be worth 550m special drawing rights.

This is the quota that China enjoyed as an original charter member of the organisation 35 years ago: its membership was to all intents and purposes frozen after the 1949 accession to power of Chairman Mao Tse-tung.

Taiwan had assumed Peking's seat in the Fund and in its sister institution, the World Bank, but its membership has been passive for some years. It has not participated in recent elections to the board of directors and thus was unrepresented at that level.

The brief IMF statement begs more questions than it immediately answers. It is that China may ultimately want a higher quota than the 550m SDR's re-assigned to it.

Quotas reflect a nation's economic power: they also determine ranking on the IMF's board. A quota of 550m SDR's would not, on the face of it, entitle the People's Republic to a permanent directorship at board level, but would place it in a group of countries, around which such a directorship revolves.

It was not clear in which group China would sit. The next election to the IMF board is due to be held at the annual meeting in Washington in late September and some IMF officials would not be surprised if by then China has negotiated a larger quota.

This could even entail enlargement of the Board from its present 21 member size. Precedent for this was set a couple of years ago when an extra permanent seat was assigned to Saudi Arabia, in reflection of its oil wealth.

Membership of the IMF is a necessary prerequisite of joining the World Bank, whose development programmes may turn out to be more in tune with China's needs, at least in the medium term. Some bank officials are concerned that China's demands on the institution's resources could pinch the flow of funds to such impoverished nations as Bangladesh.

In the event, the extremely significant question of the People's Republic's re-admission to the international financial community was quite speedily resolved. Peking first expressed interest in renewing its membership at the last annual meeting in Belgrade in October. Late last month an IMF team went to China for specific negotiations. It is felt that these negotiations concerning the practical ramifications of Chinese membership may yet have barely begun, now that the principles have been resolved.

France gains Orinoco foothold

BY TERRY DODSWORTH IN PARIS

FRANCE HAS achieved a foothold in the work on developing techniques to exploit the heavy oils in the so-called Orinoco belt in Venezuela.

The deal, under which France will be aiming to process around 2m tonnes of heavy oil within two to three years' time, forms part of a trade agreement reached during this week's visit to Paris of President Luis Herrara Campins of Venezuela. French technologists will also be examining ways of using the Orinoco oil, which is particularly difficult to extract and process.

In addition, Venezuela is to step up its current level of conventional oil exports to France more than doubling the present rate to about 2,250,000 tonnes a year, or some 2.5 per cent of France's annual consumption.

Other industrial projects agreed during the visit include a Renault car assembly plant near Caracas, along with a petrochemical plant and a polyethylene contract in western Venezuela.

France is also hoping to participate in the development of various other sectors including telecommunications, agriculture and steel. In the urban transport field, it will be one of the contenders for the second stage of the Caracas underground, followin gits work on the first section.

In his talks with President Giscard d'Estaing of France, the Venezuelan leader also discussed the development of trade between the EEC and the Andean Pact countries, which include Equador, Colombia, Bolivia and Peru as well as Venezuela.

Fed to launch small business lendng scheme

By Stewart Fleming in New York

THE Federal Reserve Board is launching a special lending programme aimed at providing up to $3bn to small businesses and farmers who have been hit by the central bank's tight credit policy.

The Fed's vice-chairman, the House Small Business Committee yesterday that the funds will be made available through the Fed's discount window to some 6,000 banks with assets of under $100m generally, but to some larger banks if they have heavy seasonal lending needs such as those in predominently farming regions.

The programme will be able to finance up to 5 per cent of eligible banks total loan portfolios. Mr. Schultz said that the funds could be loaned out by the banks at rates of between 15 and 17 per cent.

Since it launched its renewed credit restraint programme last month, the central bank has indicated that it is particularly concerned about the impact of its measures on small banks and businesses in some geographic regions.

Civiletti cautious on IBM settlement

BY OUR NEW YORK STAFF

THE U.S. Attorney General, Mr. Benjamin Civiletti said yesterday that he was "not highly optimistic" about reaching a negotiated settlement of the Justice Department's ten-year-old anti-trust suit against International Business Machines.

But he added that it "has never been the position of the department that divestiture was necessary for settlement of the suit. He added that each side must go into the negotiations with an open mind and that IBM must be ready to consider, in good faith, the possibility of divestiture as part of a settlement.

IBM and the Justice Department have had several meetings to see if a settlement could be negotiated out of court—the last one five weeks ago.

IBM, in particular has not been optimistic about the prospects of an agreement and said last week that it would not return to the negotiations unless the department removed what it termed a "pre-condition" that any settlement include divestiture.

Mr. Civiletti said that that was a "misconception which we may be able to remove."

SAO PAULO METALWORKERS' STRIKE

Brazil's politics of intervention

BY RIK TURNER IN SAO PAULO

THE STRIKE by 200,000 Brazilian metalworkers went into its 17th day yesterday. The strike has paralysed factories in Sao Bernardo and Santo André, two of the three areas in the industrial zone of Sao Paulo, including plants belonging to the local subsidiaries of Volkswagen and Chrysler.

The strike was declared illegal on Monday by the same labour tribunal which had, just over a week earlier, ruled itself incompetent ot judge the matter. The Government had ordered the court to reconsider its decision.

There is now no question of strikers being paid, and police armed with rifles are arriving at factory gates to deal with pickets. The memory of the striking metalworker killed by police last year is still fresh in Sao Paulo.

Stocks at the major factories are near exhaustion, having been depleted by a pre-strike go-slow. Sr. Luis Inacio da Silva —"Lula"—has indicated that his union's members are prepared to strike for a month or more, which would be a serious blow to a sector of the economy which was responsible for $1.9bn worth of exports last year.

The main question now is whether the Government will "intervene" in the two unions involved. "Intervention" means police occupation of union headquarters, and the replacement of union officials with government nominees, usually from the armed forces. The military regime's authoritarian past makes some observers feel that intervention is imminent.

Others believe that the whole credibility of Brazil's commitment to political liberalisation is at stake. They point to the international press reaction to the intervention in last year's strike, and to the fact that Brazil is committed to borrowing abroad to finance its foreign debt, which stood at $52bn last year.

The metalworkers' dispute involves a wage claim, with workers demanding 15 per cent and the labour tribunal on Monday offering a sliding-scale increase of up to 7 per cent, but the focus is now on the "political" demands. These include recognition of shop stewards and free access to factories for union officials.

Another key demand is for an employers' commitment not to dismiss more than 0.5 per cent of their work for each month. The absence of employment guarantes makes wage rises meaningless in many cases. According to Sao Bernardo union estimates, 80 per cent of the workers at the Villares Group's two factories in the area have less than six months' service. This makes them ineligible for benefits under last year's wage agreement.

Sr. Murilo Macedo, the Labour Minister, also illustrated the problem last month when he described, with uncharacteristic vagueness, labour turnover in the Sao Paulo industrial zone as "somewhere around something like 5 per cent."

Government intervention may prove unproductive in other ways. While some Opposition leaders think the Government is keen to be rid of Lula, the central figure in the revival of the Brazilian union movement over the past three years, the present strike has shown that the unions no longer rely on his charisma.

Since shop stewards are outlawed, an alternative structure has been developed—the "wages committees," which sprang up in response to the problems caused by Lula's removal from office during last year's strike. These may also prove valuable at a later date in the organisation of the recently formed Workers' Party, which Lula heads.

While political commentators ask whether the Government can afford to lose face in intervening this year, there are those who already believe it is likely, as the considerations of resumed production take on greater importance than setbacks in public relations. The only hope could come if negotiations resumed between labour and management, which seems improbable. The employees, with some exceptions, have closed ranks in declaring the labour tribunal's decision final.

Nissan unveils plans for U.S. truck production

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

NISSAN MOTOR yesterday unveiled its long awaited plan to build pick-up trucks in the U.S. instead of exporting them from Japan.

The company plans to spend around $300m on a plant, to be located in the Great Lakes area or in the south east. It will produce 10,000 Datsun pick-ups per month, enough to supply present American demand. The plant will employ about 2,200 people and should open in three years' time.

Mr. T. Ishihara, Nissan's president denied that his company was responding to political pressures in deciding to open the plant. He said the project had been under study for five years and that Nissan's motives in deciding to go ahead were "100 per cent profit related." Despite this, Mr. Ishihara admitted that the announcement of the investment plan, coming two weeks before a planned visit to Washington by Prime Minister Masayoshi Ohira, could do something to reduce tensions that have built up over Japanese vehicle exports to the U.S.

Nissan has chosen to build trucks rather than passenger cars in its first U.S. manufacturing venture because truck production is simpler, involving fewer components. (Nissan also has a relatively large market in the U.S. for a single model—just over 100,000 units of the truck to be buil tat the plant were shipped to the U.S. last year.) Mr. Ishihara declined to rule out completely the possibility of Nissan building cars in the U.S. at some time in the future but made it clear that he was not currently considering such a venture.

Nissan's truck manufacturing venture will be virtually an assembly operation in its early stages with 38 per cent of added value originating in the U.S. and the rest coming from Japan. It is hoped, however, to raise American content to over 50 per cent after the venture has got into its stride. It remains to be seen whether any of Nissan's Japanese component suppliers will follow it into the U.S. with investment projects of their own.

Nissan's ex-factory costs in the U.S. will be higher than in Japan but, allowing for freight costs, the company expects to be able to sell at or near its current prices and make a profit.

Nissan is the second Japanese motor manufacturer to announce a plant to build four-wheeled motor vehicles in the U.S. It was preceded by Honda which announced a $200m project in January (for passenger cars). Toyota Motor, Japan's largest vehicle manufacturers and the top foreign car exporter to the U.S., has announced the beginning of "full scale" feasibility studies on vehicle manufacture in the U.S.

UK contracts at risk Soviet official warns

BY ANTHONY ROBINSON

A LEADING Soviet trade official yesterday implicity warned British businessmen that they risked losing out on major Soviet contracts over the next five year plan period unless the British side acted "to promote a favourable climate."

In a speech to the British-Soviet Chamber of Commerce in London Mr. V. P. Pletnev, deputy chairman of the Soviet Chamber of Commerce, said that the Soviet partners appreciated British businessmen for their commonsense and "ability to remain unprejudiced when assessing a changing situation."

But he noted that "the development of business co-operation has been overshadowed by negative factors recently," and cited non-renewal of the UK-Soviet long-term credit agreement, signed by Sir Harold Wilson in Moscow in 1975, and postponement of the planned review of the long-term economic and industrial co-operation programme.

Mr. Pletnev called on British companies to be more active in their participation in Soviet trade exhibitions and particularly in seminars and symposia. He noted that UK exports to the Soviet Union had increased fourfold over the past five years while Soviet exports had increased only 1.6 times.

The Soviet Union was particu larlyinterested in increasing machine tool and manufactured product sales to the UK market which were currently only one-sixth of comparable UK sales to the Soviet Union, he said.

Japan bank in joint China trade venture

By Richard C. Hanson in Tokyo

SANWA BANK and Asahi Trading have agreed to establish a joint venture in Tokyo with the Beijing Economic Development Corporation, a trade organisation wholly owned by the City of Beijing (Peking).

The new company, United Capitals, to be set up next month, will serve as a business consulting company and involve itself in trade with China. It is the first such venture to involve a Japanese Bank. Ashahi trading specialises in Japan-China trade and is within Sanwa's group of "friendly" companies. The Y50m (£900,000) in capital will be 51 per cent owned by the Japanese partners.

Earlier, Seibu, the department store owner, proposed a Tokyo joint venture with a Beijing City corporation, but the Japanese Ministry of Finance has yet to give final approval.

United Capitals will act as an intermediary for companies involved in China trade and provide assistance to those who want to establish ventures with China.

Davy in $24m Manila deal

DAVY INTERNATIONAL and Davy McKee (Oil and Chemicals), jointly with Kloeckner INA Industrial Plants and Engineering Equipment of Manila have been awarded a $24.3m contract to build a nitric acid and an ammonium nitrate plant for Nobel Philippines of Manila. The plant will be built at Bacong, near Dumaguete City, on Negros Orientale island.

The Davy companies will be responsible for the total engineering, procurement, supply and supervision of construction and start-up while Kloeckner INA and Engineering Equipment will be jointly responsible for all construction services.

The commissioning of the plant, which will have a capacity of 100 tons a day of nitric acid and 135 tons a day of annonium nitrate, is scheduled for mid-1982. The project will also include a 6,000-ton capacity ammonia terminal and unloading facility.

Britain's Export Credits Guarantee Department (ECGD) has guaranteed a $20m loan which Antony Gibbs Holdings, acting on behalf of Midland Bank and Scandinavian Bank, has made available to Nobel Philippines to help finance the joint contract.

EEC, Brazil to sign co-operation accord

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC and Brazil are expected later today to initial an economic co-operation agreement following the conclusion yesterday of three days of negotiations in Brussels.

The agreement, which would be non-preferential, would establish a framework for closer comercial and economic ties between the two. The first step would be the creation of a joint committee to promote trade and investment.

Commission officials in Brussels suggest that the importance of the agreement is diplomatic rather than economic, though it may help solve some of the outstanding trade differences between the two sides.

The Brazilians depend heavily on the European market for export earnings. About 30 per cent of Brazilian exports—mainly green coffee, soyacake, soyabeans and iron ore—go to the EEC, one of the few areas where Brazil enjoys a substantial trade surplus. They are already the second biggest beneficiary of the EEC's generalised system of preferences (GSP), but they want to increase their access to EEC markets, particularly for their manufactured and semi-manufactured products.

The Nine, for their part, say the Brazilians do not take full advantage of preferences already available to them under the GSP and are sufficently advanced industrially to be able to do without the special preferences which the EEC extends to developing countries.

Steel dumping suits 'against OECD pact'

BY ROY HODSON

A 1977 ACCORD by the Organisation for Economic Co-operation and Development (OECD) on streamlining Western steel industries was quoted yesterday by the European Community to the U.S.

The Commission claims that the anti-dumping suits against European steel exports to the U.S. filed recently by U.S. Steel, call into question the accord which gave priority to modernising Western steelmaking.

The U.S. Commerce Department has ruled that the suits contain sufficient evidence for it to launch an official investigation of the complaint.

The U.S. Steel case has been accompanied by a large volume of documentary evidence. While agreeing to examine it, the Commerce Department has caused anger among other U.S. steelmakers by temporarily suspending the U.S. trigger price system for the control of steel imports.

The EEC Commission is now telling the U.S. that the anti-dumping suits call in to question the 1977 OECD accord reached by concensus which emphasised modernisation of steel industries.

The accord called for respect for traditional trading patterns and urged that the burden of reorganising the steel industry should not be shifted from one country on to another.

Viscount Etienne Davignon, the European Industrial Commissioner, is taking up the question o fthe suits with the U.S. Government. The International Trade Commission is investigating the question of injury and is expected to report within three weeks.

The EEC has told the OECD steel committee it will watch the U.S. anti-dumping cases to ensure that the rules of the Tokyo Round trade accord are scrupulously applied. The EEC argument is that imports from the EEC do not cause the U.S. steel industry's problems.

Foreign investment in Zimbabwe 'up 300%'

BY PETER BRUCE

FOREIGN investment in Rhodesia grew by some $1.02bn, or nearly 300 per cent, during the former British colony's 15 years of illegal independence, highlighting the new Zimbabwe's economy as one of the most heavily dependent on external capital in black Africa, according to a study published today. The growth includes re-investment.

The study, the most detailed examination to date of outside control in the Zimbabwean economy, suggests that about $3.3bn (£1.5bn), or 70 per cent of the capital stock in the country, is under non-Zimbabwean control.

In the short- and medium-term at least, the study says, there is little threat to foreign capital in the new country, irrespective of the regime in control."

At the time of Rhodesia's founding in 1890, the entire territory was leased to the British South Africa Company and today, at least 130 British and 43 South African companies provide most of foreign interest in the country.

By last year, the study estimated UK capital stock in Rhodesia at £717m, up from £200m at UDI in 1965. South African capital for 1979 stood at more than £450m, up from £100m in 1963 and £200m in 1974. Total foreign capital stock in Rhodesia last year is estimated at between £1.2bn and £1.6bn—more than double the estimate for 1974.

Foreign capital pervades the new nation's economy, the study says, taking the major share of mining, manufacturing, bank-controlling important sections of agriculture and ranching.

Led by South Africa's Anglo American Corporation, and Messina Transvaal, the UK's Lonrho, Rio Tinto, Falcon Mines and Union Carbide of the U.S., foreign-owned mining operations account for more than 90 per cent of production and employ more than 80 per cent of the mining population, the study says.

Because of the veil of secrecy thrown about the economy by the breakaway white regime to avoid exposure to sanctions during UDI, the study admits to some difficulty regarding access to economic information in Rhodesia. Sanctions and the climate of secrecy in the country since 1965, it says, had "made a virtue" of refusal to disclose information and of overt concealment in Rhodesia.

Foreign Companies and International Investment in Zimbabwe, by D. G. Clarke. Published by the Catholic Institute for International Relations. Mambo Press. Price, £4.00

Threat to Western Canada air rights

BY LYNTON McLAIN

BRITAIN has threatened to end an agreement with Canada over flying rights unless the Canadian authorities agree to allow British Airways to fly to Western Canada.

The Trade Department made the threat after talks between th etwo Governments broke up in London this week.

Air Canada has a monopoly on services between London and Western Canada, as a result of an "exchange of letters" between the two Governments 14 years ago. This arrangement is in addition to the bilateral air services agreement between the two Governments, which was originally signed in 1949, and enables British Airways and Air Canada to pool services between the UK and Canada.

British Airways dominates the services to Eastern Canada—Montreal and Toronto—but has advised the Trade Department that it is losing traffic on the routes to Vancouver, Edmonton and Calgary in Western Canada, now expanding at 15 per cent a year.

Canada refused to allow British Airways to break the monopoly of Air Canada on the western routes unless Canadian airlines were granted new rights, which would not be reciprocated to British airlines.

Britain said yesterday that the 300,000 passenger traffic between London and Western Canada should be shared between Britain and Canada. Unless Canada reaches a compromise agreement with Britain by April 1 next year, Air Canada will be stopped from operating non-stop services on the routes.

British Aerospace profit up £11m on record sales

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE, the State-owned aircraft, missiles and space group, earned a trading profit of £90m in 1979, £11m higher than the previous year.

Sales reached a record of more than £1bn, against £894m the previous year. Exports accounted for £576m, against £487m.

Dr. Austin W. Pearce, the new chairman—he succeeded Lord Beswick earlier this year—says in the 1979 annual report issued yesterday that the trading profit represented a return of 23 per cent on average assets employed. The group had achieved the financial objectives set by the Government.

The group's order book also rose substantially, from £2.95bn to £3.29bn. Exports accounted for more than £2.16bn, against just over £2bn the previous year.

The labour force was increased by 3,100 to 73,410 to cope with increased orders, but the group is having difficulty finding the skilled workers it needs.

In the current year, British Aerospace is investing more than £80m in new capital equipment.

Much of it will be for more buildings and machine tools for increased production of wings for the European A-300 and A-310 Airbuses, and for increasing production of the European Tornado multi-role combat aircraft.

Another major programme involving additional investment is the new BAe 146 four-engine "feeder-liner," on which £39m was spent in 1979.

The group is writing off where possible all capital investment as it is incurred. So this £39m, and certain other launching costs (for example, on the A-310) have been written off in the 1979 accounts, reducing the trading profit to profit before tax of £44m (against £60m in 1978).

The group has spent more than £50m since early 1977 on developing the BAe 146 and further substantial sums will be spent this year. The first aircraft is expected to fly next spring. Orders are being sought world wide, but none has been announced so far.

Additional capital investment is also required by the Dynamics Group of British Aerospace, especially to ensure it remains fully up to date in missile technology for the 1980s and beyond.

Much of the additional £80m capital investment needed this year will be internally generated.

The British Aerospace board is proposing to pay the Government a dividend of £2.16m, or 8 per cent, on the £27m of Public Dividend Capital issued in 1977.

Dr. Pearce said no date had been fixed by the Government for the possible sale of British Aerospace shares to the public under the British Aerospace Bill. This is moving through Parliament and expected to become law in May.

The timing of any sale would depend on a large number of factors, including the economic situation and the state of the Stock Market.

The increasing workload is also reflected in a "super-efficiency" programme launched by the British Aerospace Aircraft Group. A 10 per cent rise in efficiency in the next five years is sought.

This is aimed as much at outside suppliers as its own labour force.

● A £10m Tornado involved in the long flight-test programme crashed in Germany near Munich on Wednesday, killing its two crew.

No reason is yet available. The accident is being studied by the West German Government and Panavia, the European company building the Tornado.

This is the second Tornado accident during the test programme. Last summer one crashed into the Irish Sea during a flight from Warton, Lancashire, also killing its two crew.

● AirbusIn dustrie, the European group in which British Aerospaceh as 20 per cent, is "almost certain" to build a new smaller, short-range version of the A-300 and A-310 Airbuses, seating 130 to 160 passengers.

Mr. Joel le Theule, French Transport Minister, said in Paris yesterday that Airbus Industrie members—the UK, France, West Germany, Spain and the Netherlands—would probably decide by the end of this year on the new twin-engine aircraft.

The group would probably drop plans for a new four-engine version of the Airbus. It considers this repeats four- and three-engine wide-bodied designs such as Boeing 747s and McDonnell Douglas DC-10s.

Tootal to shut print factory

By David Holmes

TOOTAL, the textile group, which has already announced over 2,000 redundancies at various plants through closures and modernisations this year, announced yesterday the closure of its Loveclough printworks at Rossendale, Lancs., with loss of at least 230 more jobs.

The factory is expected to close at the end of July.

Redundancies are across the board, including management, and affect 199 men and 52 women.

About 20 people at managerial and supervisory level have been offered jobs elsewhere in the group, but the company is pessimistic about prospects of finding alternative employment for the rest.

The closure is blamed on increasing imports of printed fabrics and clothing and reduced consumer spending.

Mr. Rodney Hartley, chairman of Tootal's fabrics division, said imports from Portugal and the U.S. were a growing threat.

Portuguese imports sell cheaply because of low wage costs, and American exports are aided by U.S. oil pricing policy.

Mr. Hartley also pointed to the competition from the Far East and EEC countries.

Reduced consumer demand was a problem, both because of generally lower consumer spending and because of an increased preference for non-printed dress fabrics.

Faced with these problems, Loveclough sustained heavy losses with no prospect of improvement in the immediate future. The closure is expected to strengthen Tootal's alternative printing operations at Marple and at Newton Bank, both in Greater Manchester, currently being modernised at a cost of £5m.

Earlier this month the British Textile Confederation warned that over 450,000 jobs could be lost in the textile and clothing indsutry unless major changes were made in regulation of world textile trade. There was an urgent need to reduce imports from law-wage and State-trading countries.

● An inquiry into United Refineries' controversial plan to build a 4m-tonne-a-year oil refinery on Canvey Island, Essex, is to be reopened in June after a gap of five years.

Opponents of the scheme say that any addition to the complex of oil and gas depots on Canvey will increase the dangers to local inhabitants. In 1975 the inspector at an exploratory inquiry recommended that United Refineries' outline planning permission be revoked.

However, a report three years later from the Health and Safety Executive said that there was no reason why additional refineries should not be built on Canvey, if certain improvements were made.

Steel strike cut industrial output directly by 2%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE STEEL strike probably cut industrial production directly by slightly over 2 per cent.

Central Statistical Office figures published yesterday show output has fluctuated sharply since last summer because of the engineering and steel strikes.

The Whitehall view is that the underlying level of production has not changed significantly in recent months.

The all-industries index dropped from 111.9 to 110.4 between January and February (1975=100, seasonally adjusted). This compares with an average 112.7 in 1979.

Officials estimate that, allowing for the steel strike's direct effects, the index in February might have been about 113. This ignores the indirect effects on the rest of industry.

The strikes distort any overall comparisons, but the problems of the textile, leather and clothing industries are shown by a 4.8 per cent fall in the volume of their output in December to February, compared with the previous quarter.

This may reflect the impact of sterling's strength on the sector's competitive position in domestic and overseas markets.

Otherwise, the main features are a pick-up in vehicle production and completion of the catch-up in engineering output after last autumn's strike.

Some economists believe production may have peaked in the middle of last year and is declining, although more slowly than expected. A fall in output is suggested by the decline in manufacturing employment.

Comparison of the all-industries index with the same period a year ago is affected by the road haulage disputes and the particularly bad weather at the beginning of last year.

The index between December and February was about 2 per cent higher that a year ago, while manufacturing output was 1 per cent up. Oil and natural gas production was 9 per cent higher.

Industrial Production
(1975=100, seasonally adjusted)

		All-industries	Manufacturing
1979	1st	110.1	102.6
	2nd	114.8	107.1
	3rd	113.1	103.0
	4th	112.9	104.0
	Oct.	111.9	102.6
	Nov.	114.4	105.5
	Dec.	112.5	103.9
1980	Jan.	111.9	102.4
	Feb.	110.4	100.9

Source: Central Statistical Office.

Local government 'faces crisis'

BY ROBIN PAULEY

TORIES controlling the Association of Metropolitan Authorities were accused yesterday by the Labour opposition of sacrificing local government to their political masters in the Government at a time the authorities were facing their "most serious crisis" ever.

Mr. Jack Smart, leader of the minority Labour group on the AMA which met in London yesterday, said the Tories had made an about-turn on Government plans to reform the rate support grant system for funding local government by substituting a block grant scheme.

The local authority associations, which are all Tory-controlled, had united in opposition to block grant. But this front collapsed before Easter just as the Government managed to get the plan through the Committee stage of the Local Government Planning and Land Bill in the Commons.

Mr. Smart said that Mr. Heseltine, Environment Secretary, had even told the associations earlier this week how grateful he was to them for going along with the Government on block grant.

"You will rue the day," Mr. Smart said. "If there is a change in control of this association after the May 1 local elections the new controlling group will continue to fight to repair the damage you have done to local government."

Sir Godfrey Taylor, AMA chairman, said he had not changed his objections against block grant into support. But he said it was essential to work with the Government of the day to get the best result possible out of something which was basically objectionable.

Sir Godfrey said local authorities had only £750m left to meet pay claims yet to come for 1980-81, including teachers from April 1, the National and Local Government Officers Association from July 1, and manual workers from November, and the cost of index-linked police and firemen's pay.

Local authority associations have complained recently about the Government's refusal to provide any more money to pay for comparability awards such as the Clegg award for teachers, the cost of which will add 18.2 per cent to the bill forteachers' pay in a full financial year.

Bank of Scotland director

By Michael Lafferty

THE BANK of Scotland has broken a well-established tradition by appointing Mr. Bruce Pattullo, its chief executive and treasurer, to the board. Mr. Pattullo, 42, is the youngest clearing bank chief executive in the UK and will be the only executive director at the Bank of Scotland.

Mr. Pattullo said yesterday that the move reflected a reappraisal of the future and structure of Bank of Scotland, the second largest of Scotland's three clearing banks. He was strongly of the view that the structure of boards at banks and insurance companies should be predominantly non-executive, because of such organisations' custodian and trustee functions.

Mr. Pattullo's elevation to the board comes only a year after he became chief executive.

Later this year Bank of Scotland will open a branch in Birmingham, in a move which marks a departure from the old understanding that the English and Scottish clearers would not compete with each other.

Leyland Vehicles launches second truck in new range

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LEYLAND Vehicles, the truck business within BL, yesterday launched the second vehicle in its T45 range and attempted to distance itself from the industrial problems at BL Cars.

Mr. David Abell, the chairman and managing director of Leyland Vehicles, stressed that the car and commercial vehicle operations were run as separate entities.

"In particular our industrial relations operate totally independently," he said. The commercial vehicle companies bargain on a plant basis with differing review dates.

"Wage agreements have already been concluded satisfactorily in all but four of our 12 major plants and in the outstanding cases negotiations are taking their normal course."

Since the Roadtrain, the first of the T45 range, was launched in January, more than 300 had been sold, worth about £7.5m.

The second truck in the range, the Constructor is an eight-wheel, 30-tonner aimed primarily at the tipper market. It will be built at Leyland's Scammell plant at Watford, North London, and will gradually replace the Routeman and Octopus models.

Three more trucks in the T45 range will be launched before the end of this year.

● Five heavy trucks are unit announced today by Seddon Atkinson, the Lancashire-based manufacturer owned by International Harvester.

The new models are additions to the 300 series of mid-range heavy trucks and are designed to fill the gap between its 16-ton 200 range and the heavy duty tractor units and multi-wheelers of its 400 range.

hTe first model in the 300 range, a sixwheeler, was introduced in 1978 and now occupies second place in its sector of the market. The additions comprise three tractor units or 24-, 28- and 32-tons; a 30-ton eight-wheeler and a 32-ton drawbar unit.

Rail time-keeping 'deteriorates'

BY LYNTON McLAIN

BRITISH RAIL time-keeping deteriorated seriously last year, according to the public watchdog committee which monitors railway performance.

Punctuality on express and other services has now deteriorated steadily for three years.

The Central Transport Consultative Committee, which published its annual review yesterday, said: "There is no doubt that the travelling public are increasingly losing confidence in the ability of BR to operate the passenger service as advertised."

The Scottish region was the worst affected last year. More than one express in 10 arrived over half an hour late. One in five arrived between 11 minutes and half an hour late.

The London Midland region was almost as bad. On Eastern region, 17 per cent of express services were up to half an hour late.

British Rail said an extra £70m new investment a year for the next 10 years would be needed to return the rail network to the quality of service passengers expected.

The board blamed ageing diesel locomotives and diesel multiple units and breakdowns as one of the main causes of falling performances. A shortage of guards and Government investment are other factors.

In catering, the failure to maintain advertised services in trains rose almost three times to 8 per cent.

Frozen pipes in winter and staff shortages were lamed.

The deterioration in British Rail services led to more than 65,500 "representations" and complaints, a rise of 12 per cent compared with just over 58,000 in 1978.

Over-crowding, for quality of service, lack of punctuality and inadequate passenger information were the main problems.

The committee warned that British Rail could lose the growth potential created by the rising cost of motoring because of this "crumbling edge of quality."

Rail pay deal, Page 8

Varsity cut

DESPITE FEE increases of 150 per cent and more for foreign students entering higher education, overseas applications for university undergraduate courses starting this autumn are down only 12 per cent on last year's record total, says the Universities Central Council on Admissions.

Aerosol figures

PRODUCTION of fillings for aerosols fell by 7.4 per cent last year compared with 1978, according to statistics released yesterday by the British Aerosol Manufacturers' Association.

Jaguar chief

MR. JOHN EGAN has been appointed executive chairman at Jaguar Cars, one of the operating companies within BL Cars. He rejoins BL from Massey Ferguson where he was corporate parts director based in Rome.

Sterling M1 increases 1.2%

BY OUR ECONOMICS CORRESPONDENT

STERLING M3, the broadly-defined money supply, rose £225m, or 0.4 per cent, in the month to mid-March. But M1, the narrowly-defined money supply, increased £317m, of 1.2 per cent, after a substantial fall in recent months. Non-interest bearing deposits accounted for most of the rise.

Bank of England figures published yesterday show that, while the growth of bank lending slackened considerably, sales of gilt-edged stock outside the banking sector were much smaller than in recent months and domestic credit expansion remained sizeable.

External and foreign currency finance was negative at £235m. This implies an outflow of sterling from the non-bank private sector. The overseas sector continued to increase its holdings of public sector debt and sterling bank deposits, while the banks switched assets out of sterling.

The trade figures, published yesterday by the Department of Trade, show the terms of trade—the ratio of export to import prices—have generally continued to decline. There was a 3 per cent drop between the fourth quarter of 1979 and the first three months of this year. But, after excluding oil, the terms of trade fell 1 per cent in the first quarter.

GROWTH OF MONETARY AGGREGATES (£m)

	Money Stock M1 Unadjusted	Money Stock M1 Seasonally adjusted	%	Money Stock M3 Sterling Unadjusted	Money Stock M3 Sterling Seasonally adjusted	%	Bank lending* Unadjusted	Bank lending* Seasonally adjusted	Domestic credit expansion Unadjusted	Domestic credit expansion Seasonally adjusted
1979										
Feb. 21	—221	195	0.8	—33	507	1.0	1,125	1,129	378	1,048
Mar. 21	304	35	0.1	—344	—443	—0.9	430	733	—388	—321
April 18	1,515	785	3.0	1,608	721	1.4	543	535	1,753	876
May 16	—186	39	0.1	420	729	1.4	607	808	505	995
June 20	—404	—213	—0.8	609	601	1.2	1,099	1,029	1,150	896
July 18	772	641	2.4	777	426	0.8	1,132	386	968	420
Aug. 15	—13	—3	—	282	563	1.1	145	693	815	1,045
Sept. 19	34	120	0.4	316	346	0.6	112	157	763	944
Oct. 17	1,107	921	3.4	1,209	1,066	2.0	1,348	1,223	1,774	1,547
Nov. 21	—776	—575	—2.0	206	371	0.7	713	729	868	1,094
Dec. 12	607	26	0.1	458	258	0.5	—454	163	410	250
1980										
Jan. 16	—783	2	—	206	611	1.1	2,067	1,304	467	777
Feb. 20	—836	—431	—1.6	—156	529	0.9	568	584	—300	505
Mar. 19	494	317	1.2	15	225	0.4	11	165	224	607

* To private sector in sterling including Bank of England Issue Department holdings of commercial bills

Source: Bank of England

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m
1978	1st	8,390	9,023	120.1	113.6	105.0	—625
	2nd	8,676	8,862	121.0	109.1	104.5	—419
	3rd	8,933	9,401	122.5	115.0	106.1	—497
	4th	9,072	9,278	122.5	112.9	106.5	—458
1979	1st	8,373	9,961	109.0	116.9	107.0	—235
	2nd	10,658	11,144	135.3	128.9	106.4	—229
	3rd	10,641	11,134	129.8	128.1	106.8	—158
	4th	11,017	11,762	129.3	128.9	103.7	—157
	Oct.	3,484	3,902	124.7	129.7	104.4	— 96
	Nov.	3,760	3,835	131.8	125.8	104.1	+ 27
	Dec.	3,773	4,025	131.3	131.2	102.6	— 88
1980	1st	11,847	12,570	131.6	126.7	100.7	—126
	Jan.	3,879	4,200	129.9	128.3	100.9	— 74
	Feb.	4,133	4,359	136.8	129.1	100.6	— 52
	Mar.	3,835	4,011	128.0	122.8	100.6	—

* Ratio of export prices to import prices.

Source: Department of Trade

Insurance investment increases to £5.3bn

INSURANCE COMPANIES last year made a net investment of £5.3bn compared with £4.7bn in 1978. Long term funds increased their investments by £400m to £4.4bn and general funds by £140m to £860m. The investment by private sector pension funds in 1979 amounted to £2.06bn, £370m higher than in 1978.

Public sector securities accounted for the majority of insurance company investments last year. Long term funds had a net investment of £2.6bn—nearly 60 per cent of the overall investment. Almost all of investment in this sector was in the gilt-edged market. The funds had a net investment of £288m in medium-term stocks and £2.5bn in long-dated, with a net disinvestment of £243m in short-dated stocks.

General insurance funds invested £403m in this sector during 1979, of which £298m was in medium-dated gilts, £198m in long-dated gilts and a net disinvestment of £103m in short-dated stocks. Private pension funds invested £897m in public sector securities, of which £928m was in long-dated and £56m in mediums, compensated by a net disinvestment of £82m in short-dated.

BASE LENDING RATES

A.B.N. Bank	17 %	Hambros Bank	17 %
Allied Irish Bank	17 %	Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	19 %
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

Elaine Williams looks at the Japanese-linked vidio-disc drive

Stage is set for manufacturers' battle of home viewing

THORN EMI's agreement with the Victor Company of Japan to promote video discs sets the stage for a battle between manufacturers which could result in significant changes in the home entertainment industry.

Competing — video discs, under development by RCA in the U.S., Philips in Hiland and Sony as well as Victor in Japan are the television equivalent to long-playing records.

The video-disc follows introduction of the video tape-recorder, which allows the users to store television programmes for later viewing and to buy or rent pre-recorded tapes.

The market for video-cassette/recorders has grown fast. In the UK alone 155,000 were sold in 1979 compared with 80,000 in 1978.

Lack of standardisation in the video cassette market has led to competition between the three main systems, offered by Sony, Philips and Matsushita, of which Victor is a subsidiary.

Other companies have taken licences from these three groups.

A similar divergence of systems is developing in the video disc market, although many of the competing systems will not be introduced before 1981.

It is expected that three systems will be on offer from Victor, Philips and RCA.

Sony is also developing a disc-player, but it is likely to be similar in design to that of Philips, following an agreement between the two companies on free exchange of patents.

The methods used to record colour television programmes on to a disc are radically different, though Victor and RCA have adopted related designs bearing a close resemblance to an audio-disc player with a stylus.

The Victor stylus is poised just above the disc as it rotates, while in the RCA system it is in contact with the disc and is subject to wear as experienced by conventional discs.

Philips, which developed its system together with the U.S. company MCA, uses a laser as a pick-up. Since there is no physical contact, there is no wear, and the disc, in theory, has unlimited life.

The importance for manufacturers is not merely to produce a well-designed system at a low price, but to offer an extensive library of cheap discs to buy or rent, since consumers are unlikely to play video-discs as often as sound recordings.

In early 1979, to support its launch with Philips, MCA offered in the U.S. a total of nearly 200 films and television programmes for the "optical video-disc" system.

Thorn EMI and Victor are well placed to produce their own discs, as is RCA. Thorn EMI will draw heavily on its own film resources, but says that it will need to provide customers with attractive programmes from new material.

Producing the discs will be no problem for Thorn or Victor, since their discs can be made using conventional techniques of the sound industry. Both companies have these facilities.

Philips will make video-discs at one of its Mullard factories in Blackburn.

Sony, the only other contender in the video-disc battle, has not the same access to mass production as the rest. It has been very cautious about the way in which this new industry will grow, insisting that disc-player manufacturers must rely on the business and education fields while they wait for consumer interest to grow.

The UK, it appears, will be the testing ground for video-discs in Europe, largely because the country's rental chains give good access to users. Both Philips and Victar, via its new relationship with Thorn EMI, will market systems in the UK in 1981.

Victor will be able to use four rental companies operated by Thorn EMI under the umbrella company of Thorn TV Rentals—Radio Rentals; DER; Multibroadcast; and Focus.

Thorn owns the chain store group Rumbelows, which carries out some television rental.

Manufacturers pin their hopes on video-discs to form a larger market even than video-cassette recorders. Their faith is partly based on the fact, that the machines to play the discs, at about £400, will be cheaper than recorders costing about £600.

Manufacturers say that video-discs pose no threat to video-recorders because they will enjoy two distinct markets, tape for home movies and recording television programmes, disc for bought-in entertainment.

Food prices to rise 'at least 20%'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

E WARNING that food prices were likely to rise by at least 20 per cent in the coming year was given yesterday by Mr. James Cleminson, president of the Food Manufacturers' Federation.

Speaking at the federation's annual conference in London, Mr. Cleminson said that the pressure on food costs was likely to mean that prices of processed food in the shops would increase faster than the general rate of inflation.

Over the past 12 months, the rate of food price inflation—at about 16 per cent—has been below the rate of retail price inflation, which is just over 19 per cent.

Mr. Cleminson said that he hoped food prices would stay below that rate of inflation but there were a number of signs that they were beginning to move up faster. Food manufacturers are particularly worried about possible extra increases in tin-plate prices as a result of the steel strike. The federation has already urged the British Steel Corporation not to help pay for its recent pay deal through higher tin-plate prices, which would then be reflected in higher processed food prices.

For much of the 1970s, food prices outstripped the general rate of inflation an dthis led to little overall volume growth in food sales as well as encouraging the supermarket chains to start a High Street price war.

Mr. Cleminson told delegates to the conference that the food industry was under two main pressures at present.

Firstly, he pointed out the strain that high interest rates wa sputting on "an industry which has such a relatively low profit margin."

Food manufacturers' average profit margins are now about 4 per cent, a third lower than the level of ten years ago.

The second pressure was the incerase in raw material supplies. "We firmly believe that it makes no sense to continue to increase Common Agricultural Policy prices for commodities which are already in surplus," he said. "To increase these prices can have no other result than to add to the tremendous burden on the CAP budget, to put up the price of food, and to make it more difficult for us to maintain our exports."

Earlier, Mr. Peter Walker, Minister of Agriculture, made a veiled reference to the current dispute between France and the UK over lamb exports.

"The fact is that the French government and industry work together against foreign competition, as do the Germans and the Japanese," he said. "I believe that if we do not establish that relationship in Britain then in fact we will always lose out in the various battles for world trade."

Mr. Walker also pointed out that the French government recently determined that the food and telecommunications industries were the two most important areas for growth in the next five years.

"They analyse French agriculture as having a considerable potential for increased production, they analyse that their manufacturing and processing industries are behind the rest of their major competitors, they analyse that their retailing is not as effective as some retailing in other parts of the western world," he said. "So they see in the whole of that food chain immense scope for improvement and expansion."

Increased Irish links likely

BY OUR BELFAST CORRESPONDENT

CLOSER CO-OPERATION between Northern Ireland and the Republic on cross-border road, tourism and electricity projects is likely after a report by the British an dIrish Governments.

Officials of the relevant departments have identified several areas where joint studies could be made in an effort to improve infrastructure and the economy, possibly with the help of EEC funds.

Cross-border co-operation is politically sensitive in Norther nIreland. Two Unionist MPs, Mr. Enoch Powell and the Rev. Ian Paisley, boycotted a reception at Dundalk in the Republic yesterday to announce the report's findings.

It was attended by Ministers and officials from both Governments and local council
It was attended by ministers and officials from both Governments and local council members.

The report examined what co-operation was needed between Dundalk and Newry in Northern Ireland. In particular, it recommended upgrading the road link forming part of the main route from Belfast to Dublin.

Close co-ordination already exists, but it said examination should be made of the tourist resources and potential of the border area.

After talks between Mr. Humphrey Atkins, Northern Ireland Secretary, and Irish Government ministers this week, a further attempt is to be made soon to re-establish the electricity link between north and south. This was damaged by Provisional IRA bombs. The report stressed the financial importance of reconnecting the grids.

Mr. Giles Shaw, Parliamentary Under-Secretary at the Northern Ireland Office, said at the reception that Northern Ireland and the Republic were important trading partners. Cross-border trade increased in value from £100m to about £900m in the past ten years.

Product liability costs challenged

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE cost to UK companies of implementing new legislation to make manufacturers more liable for defective products may not be as high as has been feared, suggested Mr. Gordon Borrie, Director General of Fair Trading, yesterday.

Mr. Borrie said at a Munich conference on product liability: "It is a pity that the argument about costs has been distorted by unhelpful references to teh American experience of product liability."

Allegations by some companies that there would be "unbearable increases in the costs of products" were based on spurions comparisons with awards made by U.S. juries.

"Juries do not award damages in British courts in these kinds of cases nor do we have a contingency fee system which in America encourages claimants and their lawyers to litigate and press for the highest possible awards."

Mr. Borrie quoted a Lloyds underwriter at a recent UK conference who said the increased cost per product of extra insurance premiums against product liability "would be neglible."

Even if insurance premiums were to double, said Mr. Borrie, "the current average cost of product liability premiums is less than 1 per cent of production costs."

The Confederation of British Industry, which is concerned about the possibility of new product liability laws, had "not provided any estimates to counter those being given by the insurers."

The Conservative Government is unlikely, however, to introduce any product liability laws ahead of the proposed EEC directive on product liability.

Mr. Borrie also suggested that "much of the current objection by manufacturers to any changes in the law would lose much of its force if there is international agreement on the changes to be made."

Belvoir plan based on 'fickle forecasts'

BY NICK FRANKLIN

THE National Coal Board's economic arguments for mining the Vale of Belvoir were based on "policy statements worn smooth with use" and "fickle forecasts," Mr. Gilbert Gray, QC, said yesterday.

In his final speech for Melton Borough Council on the 79th day of the public inquiry at Stoke Rochford Hall, Lincolnshire, Mr. Gray said the council remained as implacably opposed to the NCB's mining application as it was at the start in October.

Mr. Gray accused the Board of acting in a manner of absolute authority and intolerance. "The NCB have told us only what they want us to know. Then they turn round and complaint that we are not in possession of all the relevant facts," he said.

Refering to the application as threatening to sweep away part of the landscape of middle England, he added: "We adhere to the contention that to go mine the Vale of Belvoir without reasonable proof would be criminal."

Mr. Gray said if mining was allowed the council felt only one of the three proposed collieries should be opened—at Asfordby. The existing Cotgrave colliery in Nottinghamshire could also be extended to win coal from the Vale. Mr. Gray said 245m tonnes of coal could be mined from these two points—46 per cent of the NCB's target of 510m tonnes.

Savings possible without cuts, councillors told

BY ROBIN PAULEY

THE GOVERNMENT was urged yesterday to launch an urgent campaign to ensure local authorities provide the best services at the lowest cost.

"The public is disenchanted with local government and no ability of larger authorities to cut unnecessary expenditure. We need an initiative to restore confidence inside and outside local government," Mr. Dillwyn Miles, chairman of the National Association of Local Councils, said.

He told local councillors' national conference last services need not be cut to reduce waste. Economies could be achieved by authorities sharing services, cutting out duplication ad delegating to smaller authorities if they could do a job more cheaply.

The Environment Department's most recent figures on local authority staffing would raise justifiable debate among the public which wanted to see value for money, Mr. Miles said.

The figures show staffing at near record levels. Despite Government requests, a reduction of only 0.3 per cent over a year was achieved.

"If we do not show we are serious, then inevitably there will be more and more central Government control because it will be proved that local government cannot set its own house in order," he said.

The association represents 8,600 parish, town and community councils in England and Wales.

Effects of electronics

RESULTS of the UK's first detailed local investigation into the effects of micro electronics show that the impact on jobs in the next ten years may not be as black as previous national reports have indicated.

Experts from Manchester University were commissioned by Tameside Council in Greater Manchester to carry out a 12-month survey into the effects of the chip revolution. More than 1,000 local companies were interviewed.

The results just published show that although certain sectors, such as the already ailing textile industry, will be very hard hit—withup to 40 per cent of jobs at risg—in most other areas of work the jobs at risk will be between 3 and 10 per cent.

In Tameside's case that means up to 10,000 local people could see their jobs disappear by 1990.

Another sector in which jobs are likely to disappear on a large scale is the clothing industry, with the introduction of new technology such as the programmable sewing machine. The report details the effects in virtually all blue collar work.

Falling orders cut jobs

BY ROBIN REEVES

FERODO, the brake lining manufacturer, confirmed yesterday that it plans to cut its labour force of 3,500 by 10 per cent as a result of declining demand from the home motor industry and increased export difficulties due to the stronger pound.

Discussions will take place with trade unions next week on the exact number of redundancies and severance terms. Ferodo employs 2,400 at its main factory at Chapel-en-le-Frith, Derbyshire, and a further 800 at Caernarvon, North Wales. The company has eight depots around the UK employing 300.

Prior's warning on immunities

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TRADE UNIONISTS who take indiscriminate action to spread a strike to firms who are not directly involved in the dispute may well find themselves in court under the Government's new proposals to restrict union immunities, Mr. James Prior, the Employment Secretary, warned in the Commons yesterday.

Emphasising the urgent need for the change, he said that the present law gave trade unions "virtually unlimited authority to damage whosoever they choose, as much as they choose, without fear of penalty.

"In effect, the law as it now stands is a licence to spread industrial action far and wide beyond the original dispute, putting at risk the jobs and businesses of people who are in no way concerned with the dispute," he said.

"No responsible Government could allow the law to remain in that state."

The proposals, in a new clause which the Government was seeking to add to the Employment Bill, were denounced by Mr. Eric Varley, Labour's employment spokesman, as "a further instalment in the Government's anti-trade union legislation."

But Mr. Prior also had to defend himself against Right-wingers on his own backbenches who thought that the legislation was not tough enough on the unions.

Mr. Jock Bruce-Gardyne (C. Knutsford), complained that the new clause would sanctify the right of unions to disrupt all the operations of a business which was in no way directly connected with the dispute.

Mr. Nicholas Budgen (C. Wolverhampton S.W.), wanted to know why immunity was still extended to a secondary unit in a dispute.

These criticisms brought a sharp response from Mr. Prior. He agreed that it was not reasonable to leave trade unions with more power than they needed. Nevertheless, it would be unreasonable to weaken them to the extent that they were unable to defend their members against attack.

VARLEY: "Union bashing."

PRIOR: "Need for change."

"Finding the right course calls for enormous effort and thought on the part of all of us," said the Employment Secretary. "It will not be achieved by refurbishing our prejudices."

The new clause restricts the unions' immunity from civil action for damages in cases of secondary industrial action, such as blacking and sympathy strikes.

The unions would still have immunity for such action where it directly interfered with the supply of goods or services to or from the employer in the dispute.

If this were not the case another employer who was hit by the secondary action could seek an injunction to stop it or sue for damages.

Mr. Prior suggested that trade union officials who took secondary action had a pretty shrewd idea of its effect. If they did not, they should exercise a little prudence and caution.

"Why should they not have to consider carefully the consequences of what they are doing," he asked.

"It is the jobs and businesses of other people they are dealing with. It is the general public and other trade unionists with no interest in the dispute who are going to suffer.

"If they are prepared to take indiscriminate action they may well find themselves in court—and who vis to say that is wrong?"

From the Opposition front bench, Mr. Varley said there were clear signs of differences of opinion on the Tory backbenches over the proposals. Mr. Prior, he said, invariably got a rough ride from his own side of the House and never went far enough to satisfy the ugly sentiments of some Right-wingers.

"He always get the worst of both worlds," said Mr. Varley.

The main aim of the new clause was to weaken the trade unions and the rights of their members. At a time of intolerable decline in Britain's economic and industrial performance, the Government was taking a great deal of legislative time on this "negative union bashing."

Instead it should have devoted its time to the real problems of the economy, such as low productivity and inadequate investment.

The reflex action of any new Conservative Government was "how can we restrict the activities of the trade union?"

According to Mr. Varley, the new clause took the country further down the road to the disastrous policies of the Industrial Relations Act of the Heath Government between 1970 and 1974.

When a Conservative Government was in power there were always more industrial disputes than under Labour. The last 11 months had seen a record number of days lost.

"To believe that you can pass legislation of this kind and that industrial relations are going to improve, is a total fallacy," he declared.

CALL FOR SECRET BALLOTS

***THE INSTITUTE** of Directors yesterday asked the Government* **to amend the Employment Bill to provide for compulsory secret ballots on the request of 5 per cent of workers involved in a dispute.**

It suggests that balots should be held on starting or ending a strike and for wider issues of trade union policy. The Institute argues that while it would not be necessary to make the results of such ballots legally binding, no union leadership could ignore the views of a substantial number of its members.

Mr. Walter Goldsmith, the IOD's Director General, said he believed that ballots should be seen as a method of communication, rather than as an interference in established procedures within trade unions. However, constitutional arrangements should not be used "by wreckers" to disrupt collective bargaining.

PM hints of Clegg abolition

BY IVOR OWEN

A HINT THAT the Cabinet is moving towards a decision to wind up the Clegg Commission on pay comparability was given by the Prime Minister in the Commons yesterday.

She described it as a "hangover" from the Labour Government and told **Mr. Anthony Beaumont-Dark**, (C., Birmingham Selly Oak), one of the many Tory backbenchers who have been pressing for its abolition that its long term future is under consideration.

Until recently, a number of senior ministers, including the Chancellor, wer ebelieved to be in favour of retaining the Commission as a safety valve for public sector pay claims. But Clegg's most recent report on teachers pay was seen by Ministers as being very unhelpful indeed. The Prime Minister herself is said to have been particularly disappointed by it and is now querying the whole principle of comparing pay in the private and public sectors.

Mrs. Thatcher showed her lack of enthusiasm for the Clegg Commission's role when admitting that the latest figures indicating that the underlying rate of growth of average earnings has rise nto over 20 per cent, were too high.

She pointed out that this development was in keeping with previous experience that, at the end of every period of incomes policy, negotiators used an "unwinding tactic."

After about three years of incomes policy, she said, it was usual to refer claims to some Commission, but this process was coming to an end in the present pay round.

The Prime Minister followed up her comment that the current level of pay settlements is too high with a ringing declaration of confidence in the management of BL as it seeks to resolve the current dispute with the Transport and General Workers Union.

She was asked by **Mr. Eric Cockeram** (C, Ludlow) to ensure that no further taxpayers' money would be given to BL workers "in their intransigence."

Mrs. Thatcher replied that the cash limits for BL had been fixed. It was quite clear that a large number of BL workers wished to stay at work and she hoped that they would urge their fellow workers to do the same.

She emphasised: "I think the management of BL has coped extremely well with previous troubles until now.

"I have every confidence that they will do so again."

Mr. James Callaghan, the Opposition leader, launched another attack on the Government's economic policy by asking the Prime Minister to explain why business confidence was at the lowest level ever recorded.

Mrs. Thatcher retorted that the forecasts of gloom and doom which Mr. Callaghan so often quoted, should be viewed against the fact that in the past year the standard of living of the British people rose by some 6 per cent.

Mr. Callaghan said: "Do you understand that we cannot tolerate a forecast by the Government itself that manufacturing output in this country is going to decline throughout the lifetime of this Parliament.

"When is the Government going to alter its policy?"

Backed by Tory cheers, the Prime Minister claimed that the greatest shot in the arm which business confidence could receive would be for Mr. Callaghan to do more to condemn strikes.

Mr. Callaghan hit back by calling on the Prime Minister to consult the TUC at the same level and with the same regularity as the Labour Government had done and with the same results — lower interest rates, inflation at half its present level, and fewer workers unemployed.

If the Government would do that, he promised, the Opposition would advise the TUC to abandon the "day of action" planned for May 14.

Mrs. Thatcher recalled that the Labour Government had finished its period of office with the worst winter of discontent that the nation had ever known.

Second Saudi screening

By Elinor Goodman, Lobby Staff

BRITISH TELEVISION is to show another film on Saudi Arabia. **BBC Television's Panorama programme is to carry a film report next Monday examining the security of Britain's oil supplies in the Gulf. It will pay particular attention to the stability of the Saudi regime.**

Given the delicacy of Britain's relations with Saudi Arabia in the wake of ATV's film, The Death of a Princess, Ministers are concerned that any television report on the country may inflame sensitivities.

No pressure has been put on the BBC by the Government to stop it going out but Ministers are clearly apprehensive about the consequences. They believe that ATV's film may have inflicted lasting damage

Go-slow threat on Finance Bill

BY IVOR OWEN

LABOUR MPs will launch a "go slow" campaign to impede the passage of the Finance Bill unless the Government agrees to an early debate on the public expenditure White Paper published on Budget Day.

An angry Mr. James Callaghan, the Opposition leader, threw down this challenge last night, after Mr. Norman St. John-Stevas, leader of the Commons, repeatedly refused to give an undertaking that a debate on the Government's public expenditure plans would precede debate on the Finance Bill.

The Finance Bill was published yesterday, and, in normal circumstances, would come before the Commons for second reading in the week after next.

Mr. Callaghan argued that it was customary for the public expenditure White Paper, which in previous years has been published well in advance of the Budget, to be debated before the Finance Bill.

Any change in this practice, he maintained, would be a departure from precedent and would be strongly resisted by the Opposition, which was entitled to have its views taken into account on such a fundamental issue.

Mr. St. John-Stevas argued that the appointment of the Select Committee on the Treasury and Civil Service—which is examining the Budget and the public expenditure White Paper—had introduced a new factor.

He suggested that it would be preferable for the debate on the White Paper to take place after th Select Committee had concluded its report.

Mr. Callaghan insisted a debate on the floor of the House must take precedence over the programme of the Select Committee.

Still refusing to give way, Mr. St. John-Stevas contended that for the last three years the debate in the Commons on the annual public expenditure White Paper had taken place after the relevant Select Committee had considered it and published a report.

Mr. Callaghan stormed: "I am putting you on warning that progress with the Finance Bill will depend on whether we have a debate on public expenditure first."

The Government might be able to use its majority to "grind the Opposition down" but he underlined the many opportunities which the Finance Bill offered for delaying tactics to be employed.

Mr. St. John-Stevas commented: "I am not trying to grind anyone down. The only grinding I have heard is coming from Mr. Callaghan."

Return rate 'too high'

BY OUR WELSH CORRESPONDENT

THE GOVERNMENT is asking the Welsh Development Agency to make too much money out of its investments, Mr. Ian Gray, the Agency's managing director, told the Welsh Select Committee at the Commons yesterday.

He said: "I think the rate of return set at 15 to 20 per cent compound is particularly high, and it has to be reviewed and changed."

But Mr. Gray went on to defend the Agency's investments.

He said that excluding the crash of P. Leiner nad Sons, in whom they invested £2m, their biggest ever, "we have had a lot of success."

"Out of more than 200 companies we have had 14 that have gone into liquidation. Our losses are covered one and a half times by our successes."

Mr. Gray was also asked about a plan, announced on Wednesday, to sell some of the Agency's factories. He said the Agency could not insist on restrictive covenant in the sale to guarantee the number of jobs. But they hoped that selling factories would encourage expansion and give former tenatns a bigger stake in a long-term future in Wales.

Despite being pressed, Mr. Gray said he did not believe that the number of bodies, including the Agency, in Wales trying to attract industry led to confusion. He said if there were too many then reducing them was a decision for the Government, but he believed the present system worked remarkably smoothly.

The WDA case is similar to that put forward by the Scottish Development Agency.

Rail unions agree 20% pay and productivity deal

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL clinched a two-stage 20 per cent pay and productivity deal with unions representing its 180,000 railway workers yesterday. It could be the final major settlement of the pay round.

The deal has to be approved by some union executives, although this is regarded as something of a formality.

The deal is likely to please Ministers, although it is high. It has been reached without industrial disruption, in spite of warnings of trouble from some union leaders and the British Rialways Board's tight financial restrictions.

Its size is also important. Like those of the miners, and Ford, power and water workers, it is about the level many union leaders see as the emerging going rate.

The settlement is likely to be followed by deals of similar size for British Rail's engineering, Sealink, hotel and catering workers, to cover the total 240,000 staff.

The deal gives a 16 per cent increase from April 21, the due settlement date, with a further 4 per cent from June 30. Annual leave and London weighting allowances are improved.

The staging means the cost will be 19 per cent, about £220m over a full fiscal year, or about £150m over the remaining eight months of this calendar year.

The settlement includes a commitment to reduce manual workers' working week by one hour to 39 hours in November next year, although the unions agreed this should be effected at minimum cost.

After both stages, a railwayman's rate will go from £48.95 to £58.75 and a train drivers' from £78.20 to £93.85, all for 40 hours. Included is the establishment of new minimum earnings of £66.60.

Mr. Cliff Rose, British Rail board member for personnel, said the deal was a "major breakthrough," principally because of union commitment to productivity changes.

The unions had to concede a measure of productivity within the overall 20 per cent, but the size is in line with their target at the beginning of negotiations.

All three unions maintained close unity throughout the negotiations and have given firm commitment working practice charges the board has been seeking to bring freight, parcels and administrative services into line with traffic levels.

British Rail officials are confident the commitment is firm enough to ensure real progress in improving productivity. Mr. Sid Weighell, general secretary of the National Union of Railwaymen, said: "The board will get these changes."

● Some union officials warned of trouble on the London Underground soon if, after pay talks with the London Transport Executive, the 23,000 workers are offered 11 per cent increases in reply to a 20 per cent claim.

● Train services in Scotland were severely hit by unofficial action by guards at several stations about a £2 payment for training for additional duties.

Bank union lifts action

BY PHILIP BASSETT, LABOUR STAFF

THE BANKING, Insurance and Finance Union yesterday suspended from midnight the industrial action by technical and services staff which disrupted the major clearing banks yesterday.

The union agreed to suspend the action "as a gesture of good faith" when the National Westminster Bank agreed to meet union officials today. The dispute centres on a £3,750 minimum wage claim for NatWest messengers.

Mr. Lief Mills, general secretary of BIFU, warned that unless a satisfactory settlement was reached today, the industrial action would be reimposed and escalated.

"The ball is firmly in the court of the bank. It is up to the bank to come forward with a positive offer. I don't think the banks realised the strength of feeling among the technical and services staff. I think they have been astounded at the level of support."

The union, which held an emergency executive meeting on the dispute yesterday, claimed that about 4,000 staff were involved in the action yesterday, but the banks put the figure much lower.

Mr. Mills said there had been severe disruption to the work of the major clearing banks. In particular, little cash was moved in the City of London. He said clerical staff, members of BIFU, had refused to carry out messengers' work by moving cash themselves and had refused to cross picket lines, including those in the City.

The banks took out advertisements in national newspapers to warn customers of likely delays in clearing cheques.

The union is claiming that a £3,750 minimum wage for NatWest messengers aged above 30 should be extended to those under 30. The union said the claim involved about 68 messengers, and would cost the bank about £23,000.

NatWest said the dispute was an attempt by the union to influence the outcome of the general pay claim still in negotiation for about 200,000 clearing bank clerical staff.

Meeting agreed in print dispute

BY PAULINE CLARK, LABOUR STAFF

THE IMMEDIATE threat of a major escalation in the national industrial action over print craftsmen's pay was suspended yesterday when employers and union negotiators agreed to meet for the first time for more than a month.

Negotiators for employers represented by the British Printing Industries Federation and by the Newspaper Society will ask the union to conduct a ballot of its 65,0000 members working in 3,700 general printing companies and on 1,200 provincial newspapers.

Mr. Joe Wade, general secretary of the National Graphical Association, said the union welcomed a meeting at any time "to get back into negotitaions to improve the last offer."

But he said he was not prepared to put to ballot the previously rejected offer of a £75 minimum earnings level and a phased reduction in the working week to 37½ hours by July, 1982.

"We think there is a need for a significant change in productivity proposals in view of the mood of our members who have given us their full support in taking action so far."

The union said it was not prepared to call off a meeting of regional and branch representatives this weekend which has been arranged to plan increased industrial action in support of an £80-a-week minimum earnings claim and a shorter week from this month.

There are hopes, however, that a meeting can be fixed between employers and the union today, the results of which would affect any decision made by the union's officers.

On Wednesday, the union threatened to spread the dispute to Fleet Street newspapers and to stop publication of all provincial daily papers if a national lockout was called by the employers.

A joint statement by the federation and society made clear that the employers have not backed down from plans to increase resistance to the union if necessary. It said there was overwhelming support for "concerted action to be taken within a limited time to avoid further irreparable damage to the industry."

Health staff blame Goverment

BY PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT was accused yesterday of being "irresponsible in the extreme" over delays in a decision on pay for 37,000 "paramedical" staff, who embark on a second day of industrial action today.

After last Friday's similar day of action by radiographers, physiotherapists, occupational therapists and other members of the group, the National and Local Government Officers' Association, one of the main unions involved, expects "considerable" support, especially in the West Country and in the North-East.

Mr. Steve Johnson, NALGO officer and staff side secretary of the National Health Service professional council covering the group, attacked the Government for "playing politics and waiting to see, in the light of what happens on Friday, whether they need to make some conciliatory gestures to solve the pay problems."

Unions are angry at the failure of Ministers to clear up confusion in negotiations.

Hopes of a settlement to one of the group's main grievances turned out ill-founded at a meeting with management this week.

The staff are taking action to overturn certain recommendations in their 15.4 per cent pay comparability award by the Clegg standing commission on pay.

Unions believed last weekend that it had been agreed that all staff would receive the full award whether or not they met the recommended Clegg condition of working a 37½-hour week.

Radiographers traditionally work a 35-hour week, and other groups even shorter hours.

It was hoped that in further meetings early this week a solution was in sight to the demand for higher extra-duty payments when an offer of about £4 was made against the union's £5 claim.

Union leaders say that no settlement is possible unless the Government agrees to finance the extra cost outside cash limits. The cost of the working-hours concessions is put at £1.6m, and of the extra-duties claim at £2.7m.

The unions have put their grievances to Dr. Gerard Vaughan, the Health Minister, but say that the answer to the funding issue was "inconclusive."

Textile workers set to settle for 14%

WORKERS IN the spinning and weaving sector of the Lancashire textile industry have been offered across-the-board pay increases of 14 per cent.

The executive council of the 38,000-strong Amalgamated Textile Workers' Union is expected to recommend acceptance of the offer at the annual general meeting tomorrow, in spite of the fact that the union had claimed an increase of 20 per cent in line with the inflation rate.

Other claims for a cut in working hours, an extra day's holiday and further fringe benefits were rejected by the British Textile Employers' Association during negotiations earlier this week.

Both sides agreed not to make public the new offer before tomorrow, but details leaked out at the union's annual conference in Blackpool.

It is estimated that the new deal, due to be implemented next month, will increase avrage earnings by about £9 a week. At present the rate for a 40-hour week is £58.42 for single shift working, with night shift workers earnings £74.03 for 37½ hours. Average gross earnings are about £67 a week.

Opening the union's annual conference at Blackpool yesterday, Mr. Joseph Quinn, the president, said that the problems of the industry should not be used as an excuse to keep down wages.

He warned that the industry was in danger of total collapse unless stricter import controls were imposed. "Redundancies and short-time working have increased and there does not appear to be any sign of an improvement."

The most serious threat was that mills would continue to close down and the industry would collapse, leaving the nation wide open to foreign textiles "and all that this would entail."

ABS to discuss BBC offer of 15%

By Gareth Griffiths

THE BBC has offered its 28,000 employees a 15 per cent increase, with a further 5 per cent available to finance regradings.

The Association of Broadcasting Staff—the largest union at the BBC, which will in effect decide the unions' policy over the pay negotiations—will discuss the offer at its executive meeting next Friday. The offer will then go to ballot at the union's annual conference next weekend.

The BBC said last night the package would add £47m to the annual payroll or £190m. The extra money allows for the increased London weighting payment earlier in the year and for regrading arrangements.

Discussions over pay, which have been seriously affected by the BBC's poor financial position, are due to resume at the beginning of next month. A settlement would be backdated to April 1. There are indications from BBC staff that the offer is likely to be rejected.

Mr. Tony Hearn, ABS general secretary, said last night the union had yet to decide whether to pursue an arbitration claim aimed at closing the gap between BBC and commercial broadcasting pay rates. A 29 per cent claim was adjourned by the Central Arbitration Committee in March pending the annual pay round.

Details of the £130m cuts in BBC spending and the loss of about 1,500 jobs are due to be announced today.

● The 15 independent television companies face pay claims of about 20 per cent next month from two of the three unions involved in last autumn's 11-week blackout—the National Association of Theatrical, Television and Kine Employees and the Electrical and Plumbing Trades Union.

Basnett warns of 'disaster course'

Mr. David Basnett, general secretary of the General and Municipal Workers' Union, yesterday called on the Labour movement to recognise that the Government was set on a "disaster course" and was "not going to do a U-turn."

Preparing for the GMWU's May congress, he told its regional council in Liverpool: "The signs are now crystal-clear. This Government has embarked on a crash course of radical and regressive reconstruction of our society. They are not going to be diverted." A whole new strategy would have to be adopted by the movement.

More unions back day of action

PUBLIC SERVICE workers belonging to the Transport and General Workers' Union were urged yesterday by the union's public services national committee to staw away from their jobs on May 14, the TUC's day of action. But it said emergency services must be maintained.

Confederation of Shipbuilding and Engineering Unions' shop stewards representing more than 160,000 engineering workers in Greater Manchester voted to recommend support for the day of action.

Labour boycott plan

THE LABOUR group of Merseyside County Council is to boycott the next meeting on May 14, the Day of Action called by the TUC against the Government's spending cuts. Some of the councillors say they will join a picket line to be formed by corporation employees outside Liverpool's town hall.

Mass picket

A MASS picket is being organised today outside a Greater Manchester clothing company, in support of employees on strike for five weeks. Workers walked out in a dispute over recognition of the National Union of Tailor and Garment Workers at Klein Brothers (Casual Wear(Salford.

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ABS to discuss BBC offer of 15%

THE FINANCE BILL

LEASING

Squeeze on foreign deals

LEASING abroad of plant and equipment manufactured in the UK is effectively abolished by the Bill. It places three main restrictions on leasing, as outlined in the Budget speech.

The first prevents any body becoming a lessee of equipment on which a 100 per cent first year capital allowance has been given unless that body could have qualified for the allowance in its own right if it had bought the item. This cuts out most foreign lessees, as well as the tax exempt bodies such as local authorities.

The other two restrictions deal with individuals and with the type of item that can be leased. Companies will no longer be able to lease "Old Masters" for the boardroom, for example, although it is thought this practice was rare.

Strict rules mean that the special legislation brought in to control foreign-to-foreign leasing after the abolition of exchange controls last year have relevance for only a short period.

However. the foreign-to-foreign provisions contained in Schedule 12 are noteworthy because they carry the first formal definition of a finance lease to come into the legislation. Since future legislation will doubtless be built on this definition, the leasing market will need to study it carefully.

The schedule states that a lease is a finance lease when "it is for a term which may be expected to cover not less than 75 per cent of the remaining useful life of the machinery or plant after the date on which it was first brought into use by the lessor, or:

"It provides for the whole or a substantial part of the benefit of the value for the machinery or plant when it is sold by the lessor to accrue directly or indirectly to a person other than the lessor or a person who is connected with him, or:

"It provides for the renewal or continuation of the lease for a further period for a consideration which is materially less than it would be regarded, at the time when the lease is granted, as the open market rental for that further period."

Two excemtions from the restrictions on leasing not announced in detail at the time of the Budget allow the continuation of 100 per cent allowances for cars leased to the disabled and for plant and machinery used for short-term hire.

The clause on short-term hirers is in line with last year's concession for car rental companies, with provisions that the number of consecutive days for which equipment is leased to the same person will normally be less than 30, and the total in any 12-month period less than 90.

The Bill also includes a clause requiring a range of information to be provided to tax inspectors with claims for 100 per cent allowances.

Among the requirements are a description of the machinery or plant in question. Furthermore, when an allowance has been made, an inspector is empowered to request and be given within 30 days any information about the leasing of the machinery and the use to which it has been put.

The restriction on individuals setting off the full allowances against non-leasing income is revealed in greater detail than previously. To be entitled to the offset, an individual must carry on the trade for a continuous period of at least six months and devote substantially all his time to the business.

David Freud

PROFIT SHARING AND SHARE OPTIONS

New SAYE scheme for employees

EMPLOYEES who buy shares in their companies through the savings-related share option scheme features in the Budget will be entitled to save up to £50 a month.

The saving to exercise the share options will have to flow through a new Save As You Earn series devised exclusively for share options by National Savings. Details of this scheme have yet to be announced.

An approved savings-related share option scheme will have to be available to all full-time employees who have been with the company for a qualifying period which must not exceed five years.

A participant can exercise his option only by using repayments out of the SAYE scheme —after five years or seven—and then only after the full term of the SAYE contract has expired.

The option can be exercised early in the case of death, or if the participant is made redundant, or if he reaches penshionable age. If he leaves his job after holding options for at least three years, he can exercise them early to the extent of his refunded SAYE contributions.

The share options issued must be for fully paid-up ordinary shares of the company. The shares must be non-redeemable, and they must not be subject to any special restrictions. The option price—the price the participant will pay for his shares when the SALE scheme matures —must be no "manifestly less" than 90 per cent of the market price at the time the option is granted.

Participants in an approved scheme will not be liable for income tax either on receipt of the option or any increase in its value over the period of saving, but when the acquired shares are disposed of they may be liable to capital gains tax.

The Bill also includes certain technical amendments affecting the profit sharing (issues of shares to employees) provisions in the Budget, but it does not add substantially to the details announced at the time of the Budget.

Nicholas Colchester

CLOSE COMPANIES

Dividend distribution eased

ONE OF the long-standing features of the taxation of closely controlled companies, the requirement to distribute substantially all of their income, will be less important when the Bill becomes law.

The shareholders of trading companies or companies which co-ordinate the activities of trading companies will no longer be penalised if the trading profits of the companies are not distributed as dividends.

However, the relief does not fully extend to estate income, broadly property rentals, and does not extend at al lto investment income. Fifty per cent of estate income will still need to be distributed unless it can be shown that it is needed to develop the business.

The value of the relief given by the Bill is less than may appear at first sight since in recent years the trading profits of close companies, and indeed companies generally, have been diminished by the effects of first year allowances and stock relief.

Investment in the share capital of close companies will be encouraged by the relaxation of the rules governing tax relief for interest paid on borrowing. Provided that the investor already holds, or by reason of his investment acquires, 5 per cent of the ordinary share capital of the company, tax relief will be available. It is no longer necessary for the investor to work for the company. Similarly, relief can be obtained on funds borrowed to lend to close companies in such circumstances.

A further encouragement which will apply to equity investment in all unquoted trading companies, whether close or not, is the provision of income tax relief on share losses.

The loss must have arisen from the sale of the shares on liquidation of the company or arms-length terms, from the as a result of a claim that the shares have become worthless. The shares themselves must have been acquired by subscription at full value.

Andrew Jones

PETROLEUM REVENUE TAX

Sugar to sweeten rises

CHANGES IN Petroleum Revenue Tax should raise for the Exchequer an extra £535m from North Sea oil operators in the current financial year. However, the Bill does include some sweetners for oil companies.

For the first time, the cost of processing natural gas liquids is to be a deductible charge against PRT, a concession estimated to be worth £15m to the industry this financial year.

New optional tax provisions are also being made to encourage the practice of "gas banking," the exchange of natural gas from one field to another. Such systems can facilitate storage or transmission arrangements.

The Bill also clarifies the tax position of fields which straddle international boundaries, such as the Statfjord and Murchison fields which lie across the UK/Norwegian median line in the North Sea. Under untisation agreements, reserves are divided with so much apportioned to each side of the median line. The Bill specifies the way that the UK portion will be taxed to reduce the problem of double taxation.

Furthermore, purchasers of North Sea licence interests will be able to use the previous owners' unused capital expenditure allowances to offset against their own PRT payments.

However, the two major changes proposed by the Government are:

- An increase in the basic rate of PRT, charged on profit, from 60 per cent to 70 per cent. This is the second adjustment to the rate since the tax was introduced in 1975. In January last year, the rate was increased from 45 to 60 per cent. The latest proposal should raise an extra £350m for the Exchequer this year.
- An advance payment of 15 per cent, based on 1980 liabilities. The Government is proposing that the degree of advance payments should be adjustable without the need for further legislation. This year advanced payment should raise an extra £200m.

Oil companies, which already pay over three-quarters of their North Sea net revenues in one form of taxation or another—royalties, PRT, and Corporation Tax—complain that the latest tax proposals undermine the stability of the offshore environment.

Mr. Peter Baxendell, chairman of Shell Transport and Trading, said yesterday that he hoped assurances would be given that future PRT adjustment would occur only on the basis of changes in the real value of oil—either up or down.

Ray Dafter

SELF-EMPLOYED PENSIONS

Confusion carried forward

BUDGET PROPOSALS for improved tax consideration on contributions made by the self-employed towards their pensions have been duly enacted in the Bill. But the introduction of the provisions for the carry forward of unused reliefs for up to six years have led to a certain amount of confusion which the relevant section of the Bill will only partially clear up.

Esssentially, the unused relief for a particular year of assessment can be carried forward for six years and the reliefs for the earliest year must be used first.

For example, if the earnings assessments are agreed for th years 1974-75 and 1975-76, the payment in 1980-81 for past unused relief must first be related to 1974-75 before being related to 1975-76.

The Bill also makes provision for the carrying forward of unused relief where agreement for a particular year comes more than six years after the assessment year. The self-employed person has six months from the date of agreement to take advantage of unused reliefs. Thus the self-employed is not being put under pressure to agree to an earnings assessment before six years have elapsed in order not to lose this carry-forward facility.

However, the Bill is not specific on the position at the time of agreeing an assessment, if the person concerned is no longer eligible to take out these pension contracts. For example, he may no longer be self-employed, or he may have retired.

Finally, the Bill clears the way so that, like company pension schemes, the self-employed pension contracts can provide lump sum death benefits that are free of Capital Transfer Tax.

The Bill itself simply allows such lump sums to be paid to the individual's spouse or independants as well as to the individual's personal representatives. But now, providing the contract is written correctly, these sums can be paid free of CTT.

Eric Short

DEVELOPMENT LAND TAX

Exemptions for charities

CHARITIES ARE to be exempted from the Development Land Tax (DLT) in relation to disposals after March 25, 1980. Taken together with the transitional relief afforded for certain land held prior to the introduction of DLT it may well be that many charities will have been completely freed from the tax.

However some exposure to DLT remains. In respect of any disposals between August 1, 1976, and March 25, 1980, on which DLT was deferred (as where property has been developed for use for charitable purposes), then if the conditions on which deferral was allowed cease to be met in the future DLT could still be payable.

As part of the Chancellor's enterprise package, enterprise zones were to enjoy 10 years exemption from DLT. The Bill makes it clear that not only development within the zone will be free of the tax but the sale by an owner outside the zone of zone land will also be DLT free.

The sting in the tail is an innocuous looking amendment to the £50,000 annual exemption. The effect will be to stop the fragmentation of land holdings by groups of companies among enough subsidiaries to generate multiple exemptions when the land is ultimately sold or developed.

Unless the subsidiaries have owned the land for more than six years before sale outside the group no £50,000 exemption will be given.

Andrew Jones

SUB-CONTRACTORS' TAX DEDUCTION

Relaxing the rules

THREE KEY changes are introduced in the construction industry tax deduction scheme which was brought into force in April, 1977 to combat the malpractices of the "lump."

- The strict rule that there must be a three-year satisfactory tax record before a certificate is issued has been relaxed.
- The broader definition of a "contractor" has been reinforced, in spite of a recent decision by the Special Commissioners in favour of a narrower interpretation.
- Small contractors have been released from the scheme through a provision which lays down a £250,000 average annual threshold over the previous three years. This is rather more generous than the £100,000 figure that had been discussed in the Revenue consultative document released towards the end of January.

The consultative document stated that the three-year rule for issuing certificates was too tightly drawn, penalising, for instance the individual who had an excellent 10-year tax record but had been off work for a month or so before the date of application due to sickness.

The new legislation accepts a satisfactory tax record for three years within a six-year period, provided that, essentially, the Revenue is given an adequate explanation for any missing period within the six years.

The Bill clarifies the definition of contractor, re-emphasising that it includes any person carrying on a business which includes construction operations. However, the new £250,000 threshold should in practice takes out of the scheme some non-mainstream companies

David Freud

STOCK RELIEF

Safeguards for deferral

THE STOCK relief clawback deferral introduced to help companies in the current recession is tightly drawn to prevent businesses—mainly retailers—which finance their stocks through trade credit gaining any benefit.

There is no deferral where the net indebtedness for stocks at a specified time in th 1978-79 financial yar exceeds the value of stock at the beginning of the year in which stocks fell. The amount of deferral is restricted in proportion in other cases.

As stated in the Budget speech, stocks must fall by at least 5 per cent before the deferral can be claimed.

The effect of a claim is to defer for one year only the amount of the clawback that would otherwise have arisen. If in the succeeding year a further fall in stocks occurs, that cannot be deferred, and the clawback comes into effect for both years.

Andrew Jones

SHORT-TERM BONDS

Tax relief misuse

THE FINANCE BILL reaffirms the Government's intention to end the misuse of life assurance tax relief in providing ultra high yields on short-term income bonds. But the method of clampdown proposed in the Bill is causing some concern to the life assurance industry.

The Bill states that a life policy will not qualify for tax relief if it is connected with another policy, the benefits of which are greater than could be reasonably expected if the first policy did not exist. But there is no definition of reasonable and the industry feel that too wide an interpretation could affect other life assurance schemes relying on a combination of policies.

The calculation of the benefits and premiums of a life contract is the responsibility of the actuary of the life company free from Government control. Yet no mention of actuarial values is given in the Bill. The industry needs to ensure that actuaries will not have to submit their calculation for approval by the authorities.

Almost certainly, the Revenue will issue guidance notes on this subject to life companies once the Bill becomes law. And following usual practice, these notes will have been prepared after full consultation with the Life Offices Association.

Eric Short

STAFFING EFFECTS

Less work for Revenue

THE CHANGES in the Bill will reduce the workload of the Inland Revenue.

The main change in the Revenue stems from the abolition of the lower rate income-tax, which will save about 600 man years in the current financial year and produce eventual savings of 1,300. Further savings of more than 500 result from the new £3,000 threshold for capital gains tax and the increase to £50,000 in the capital transfer tax threshold.

The ending of child tax allowances for non-resident children will lead eventually to the saving of 150 staff, but the introduction of relief at the higher rates of income-tax for covenants to charities will require about 200 extra staff.

These two changes, together with other measures, add up to an overall cost of 30 man-years in 1980-81 and eventually 120 man-years. The total reduction of Revenue staff requirements will by 600 man-years in 1980-81 and more than 1,300 in 1981-82.

—David Freud

PRE-TRADING EXPENSES

Costs now allowable

TAX RELIEF is proposed for two categories of expenditure which have never previously attracted the sympathy of Parliament.

In setting up a new trade, there are almost inevitably salary, establishment and utility costs which are incurred before that trade has commenced for tax purposes.

From April 1, 1980, tax relief will be given for costs incurred in the year before trading starts and which would have been allowed had the trade been in existence.

The relief will be given effect by treating the costs as incurred on the day trading began.

Costs incurred in raising loan finance have also been regarded in the past as disallowable capital costs. The Bill now provides relief for costs such as "expenditure on fees, commissions, advertising, printing and other incidental matters (but not including stamp duty)" which are incurred to raise loan finance for business purposes.

The costs of raising equity capital remain disallowable as does the cost of raising convertible loan stock if it can be converted within thre years of issue.

Andrew Jones

UNIT TRUSTS

Gilt-edged attraction

PROVISIONS which will enable authorised unit trusts to operate efficiently funds invested in gilt-edged securities are contained in the Bill and are in line with promises made by the Government shortly after the Budget. Until now, unit trusts have been handicapped by the requirement to pay 52 corporation tax on their gilt dividends and other unfranked income.

According to the Bill, however, Section 354 of the Taxes Act, which treats unit trusts for these purposes as companies, will not apply to authorised unit trusts which satisfy certain conditions:

Funds which satisfy the Inland Revenue will be taxed on income arising after March 31, 1980, at the basic rate of 30 per cent, though income on gilts in other unit trusts will continue to attract corporation tax.

Tim Dickson

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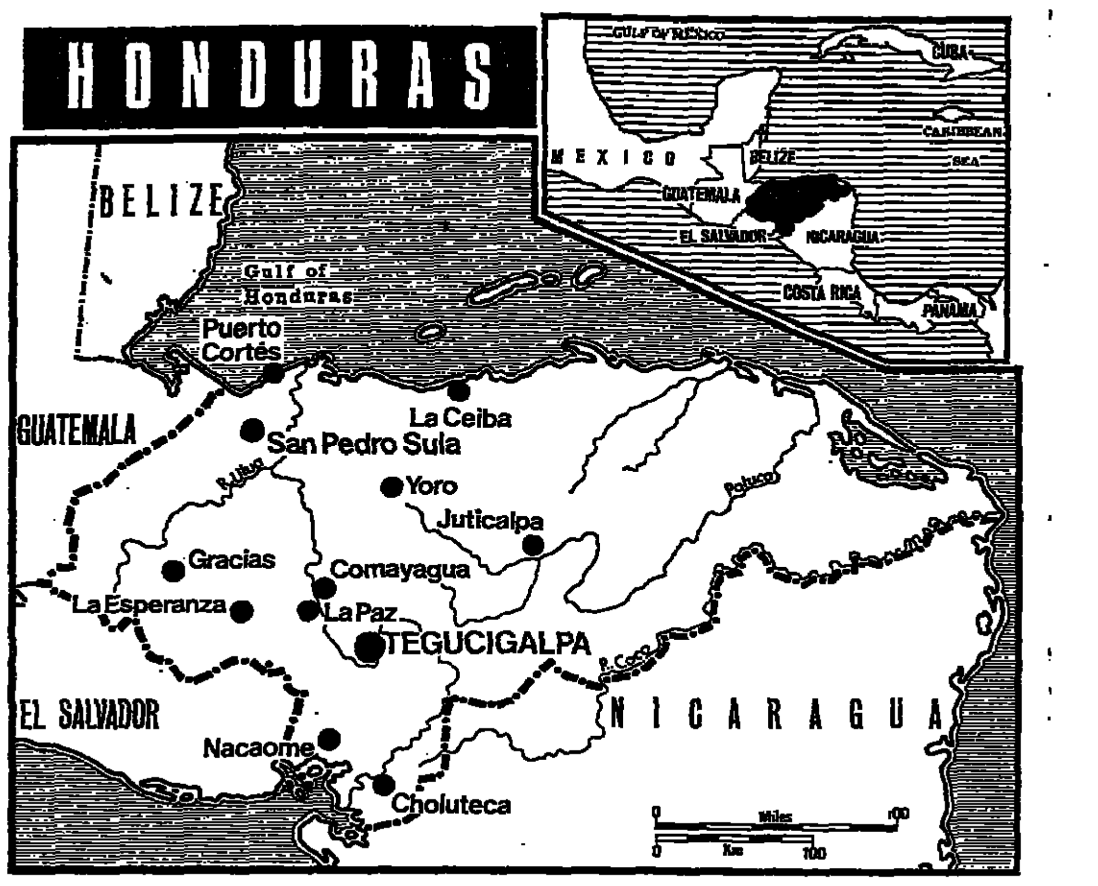
HONDURAS



If the elections this weekend in Honduras result in the restoration of civilian rule and democratic institutions, it should mean a change for the better in the political map of Central America. In this survey WILLIAM CHISLETT reviews the country's prospects and its chances of developing an independent role in the region.

Return to the ballot box

NEXT SUNDAY Honduras goes to the polls to elect a constituent assembly after eight years of uninterrupted conservative military rule. The outcome will have an important bearing not only on the future of the country—the poorest in central America—but also on the region as a whole, which is in the throes of upheaval.

Hondurans are acutely aware of being, as they call it, "the meat" in a sandwich formed by their three neighbouring countries — Guatemala, Nicaragua and El Salvador. To the north of them the Right-wing military government of Guatemala remains firmly entrenched in power and is hardening its stance in the face of mounting unrest. To the south Nicaragua is under the rule of the Left-wing Sandinistas who last July ousted the country's dictator, Gen. Somoza. To the west is El Salvador, wracked by political violence and rapidly disintegrating into civil war.

Reverberates

In such a sea of instability, Honduras is a peaceful haven. But Hondurans themselves feel uneasy. Each convulsion by their neighbours, with whom they are intimately linked by a common history, reverberates throughout the country.

Honduras cannot be judged, however, by the same yardsticks as its three neighbours for it is in many ways a different society. It shares all the tremendous problems of its neighbours, but despite them there is good reason to believe that the country may progress peacefully towards a more democratic society.

It already has vigorous and well-organised trade unions and peasants organisations, especially in the banana industry. There is a refreshingly critical Press in an area where sycophancy is generally the rule. There are no proven political prisoners or "missing" persons. It has a growing economy which is not concentrated to the same degree in the hands of a reactionary oligarchy.

True, there is military rule, with decisions decreed by the three-man junta acting in consultation with the 28-man Superior Military Council, the power base. There are also widespread accusations that some high-ranking officers have enriched themselves in the last eight years. Corruption charges are regularly made in documents drawn up by OSOS, an organisation of young liberal officers. But compared to the excesses of the Guatemalan regime, military rule in Honduras has been fairly bland.

"We are a poor country," Sr. Valentin Mendoza, the civilian Finance Minister, told me, "but our poverty is better distributed than among our neighbours." Statistics do not fully bear out the Minister's remarks, however, for the top 3 per cent of the population still possesses 27 per cent of the country's wealth. But as Sr. Eliseo Perez Caldaso puts it: "Here we don't have ostentatious Hollywood-style millionaires and at the other extreme grinding poverty." Probably for this reason Honduras has avoided the political violence which has plagued other Central American countries.

In the backstreets of Tegucigalpa, the capital, which stands on a series of hills, children sleep on top of piles of watermelon. But the rich are careful not to drive by in expensive cars, surrounded by bodyguards.

The junta decided some time before the overthrow of Nicaragua's Gen. Somoza to hold elections for a constituent assembly. It will draw up a new constitution and decide whether the country's new President will be elected by separate elections or nominated by the winning party. This leaves the door open for a military man to hold the office.

Importance

In the light of what happened in Nicaragua last year and more recently the deteriorating situation in El Salvador, the Honduras elections have assumed greater importance. In those two countries the ballot box, on the rare occasions it was used, was nothing more than a device to legitimise the dictatorships. As a result people adhered to the argument that the only way to achieve effective change was through the barrel of a gun.

By holding elections the Honduran military hope to remove any grievance which could be exploited by guerrilla groups in the future. At the moment there are no such groups to speak of. A civilian-ruled Honduras could also act as a stabilising factor in Central America. Costa Rica is the only real democracy in the region at the moment and were Honduras to join the democratic ranks the area's political map would change for the better.

Unfortunately, however, the Honduras elections aren ot the model they appear to be because the military has excluded the Left from them by banning parties with "international links."

The Communist and Socialist parties are tiny and fragmented and did not seek registration with the military-dominated electoral tribunal. The Christian Democrats did and much to their surprise were barred on the grounds that the party is funded from Venezuela. They then successfully appealed to the Supreme Court which overruled the tribunal. The party was then banned, however, on the highly legalistic point that its electroal papers were not in order.

It is true that the papers lacked the necessary signature of a member of the College of Lawyers and the party is cursing itself for such a foolish oversight. But there is little doubt that the tribunal's decision was a ruse to exclude any party which represented real opposition to the status quo. As the tribunal made its decision just before the closing date for party registrations, the Christian Democrats had no time to resubmit their papers.

The only parties involved in the elections are the Liberal and National Parties — both conservative and both with a long tradition in Honduran politics—and the recently formed Innovation and Unity Party, which has unsuccessfully tried to pick up the mantle of the Left by offering to represent the banned parties.

In the opinion of many observers the move against the Christian Democrats could backfire. The party has strong roots in the countryside, particularly among peasant unions. More important, the Christian Democrats are behind the burgeoning movement for land reform, which is becoming an issue in Honduras. They are an influential voice in a Centre-Left rural coalition, Funacamb, formed last November. Over 100,000 families belong to the organisation, which has been invading land holdings.

Land reform was an important part of the platform of the armed forces after the 1972 coup, but it never really got off the ground because of conservative opposition. According to the 1974-78 development plan the target was to redistribute 600,000 hectares to 120,000 families. To date only about 200,000 hectares have been distributed to 33,000 families.

The 1974 census showed 22 per cent of the land concentrated on 445 farms of over 500 hectares each. A further 124,781 farms of less than five hectares each comprised only 9 per cent of the land. This position has not greatly changed.

Favourite

The U.S. is following events in Honduras keenly and has made it its favourite child in central America. U.S. bilateral assistance this year to Honduras is $60m, $34m more than in 1979. General Policarpo Paz Garcia, the military Junta's President, was invited to address the Council of the Americas in February and was later received by President Carter.

The general himself pinpointed the dangers in the air when he told the council: "We are a country living at peace but at the same time conscious that there cannot be a lasting peace without urgently attacking underdevelopment, the social and economic inequalities and the basic requirements of the population."

The military has made a start on some of them and it is now time to hand over power to civilians and let them draw up a new constitution. Hondura's track record for orderly transfer of power is not good. In the past 50 years the armed forces have repeatedly interfered in the political process, sometimes to put a civilian ally in power, at others to overthrow a civilian government.

How much influence they will continue to exercise, once the constituent assembly is formed, is a guess, but a clear indication will come from whether a civilian or soldier is the next President. Some generals—reportedly not including Gen. Policarpo Paz Garcia, harbour presidential ambitions. The consensus of opinion seems to be that the wisest course is for the constituent assembly to call separate presidential elections with civilian candidiates only.

BASIC STATISTICS

Area:	43,277 sq miles; 112,088 sq km
Population (1978):	3.309m
GNP:	$1.7bn
Per capita:	$528
Imports (1978):	1.4bn lempiras
Exports (1978):	2.1bn lempiras
Imports from UK (1979):	£9m
Exports to UK (1979):	£4m
Currency: 2 lempiras = $1	

Foreign policy in embryo

SURROUNDED BY troubled countries of opposed political ideologies, Honduras is struggling to forge a more independent foreign policy which may enable it to ride out the political storms sweeping through the region.

Only a year ago there were few headaches for Honduran foreign policy apart from the thorny problem with El Salvador which centres on still unresolved differences over 400 square km of frontier land. The five-day war was precipitated by nationalistic feelings following a football match between the two countries.

Honduran foreign policy then amounted to little more than following U.S. guidelines and keeping in step with Guatemala and Nicaragua and to some extent, despite the differences, with El Salvador. Like Honduras these three countries were all solidly dominated in varying degrees — with Honduras the least — by conservative military governments, known together as the "iron quadrangle" in opposition circles, and interested in maintaining their respective status quos.

But with the ousting last July of the Nicaraguan dictator, Gen. Somoza, by the Sandinista guerrillas, and more recently the political developments in El Salvador, which appears to be heading for civil war, Honduras has had, with encouragement from the U.S., to reshape its foreign policy.

It is distancing itself more from Guatemala, which remains the most repressive regime in the region, without at the same time accommodating itself too much with the new masters in Nicaragua and is nervously watching El Salvador.

All this is not to say that Honduras has never really had a separate foreign policy, for of all the four countries, it has been the most independent.

Treatment

Since 1969 it has only accredited an observer to the Central American Defence Council (CONDECA); it has been constantly complaining about the unfair treatment which it considers it has received from the now almost moribund Central American Common Market and has been anxious to stress that while it has a military government it is not fair to classify it in the same bracket as Guatemala.

"We are like a tiger which is trying to jump through a ring of flames without getting burnt," the Honduran Foreign Minister, Sr. Eliseo Perez Caldaso, told me. Both Honduras and Nicaragua, however, have burnt their fingers since the fall of General Somoza for relations between the two countries went through a bad patch because of misunderstandings on both sides.

The feelings of the Honduran government were more with the cause of General Somoza than with the Sandinistas, since apart from political sympathy General Somoza helped Honduras in the war with El Salvador.

But despite the pro-Somoza views of some military veterans of the 1969 campaign that Honduras was indebted to Nicaragua, Honduras adopted a neutral stance. It did not actively aid the Nicaraguan National Guard; nor did Honduras crack down very severely on Sandinistas who took refuge in Honduran territory and crossed the frontier for skirmishes with the national guard. The Nicaraguan-Honduras border is some 300 miles long and difficult to patrol.

After Gen. Somoza fled into exile thousands of National Guardsmen and their families, fearing that the Sandinistas would take reprisals against them, sought sanctuary in Honduras. The Government received them and to date there are still an estimated 2,000 "Somocistas" in Honduras, gathered together in a camp in the province of Choluteca near the border with Nicaragua. The Government is feeding them with UN help.

Strain

Their presence did, however, initially strain relations between the two countries because Nicaragua felt that one day Honduras might unleash the refuged National Guardsmen and allow them to make raids across the border. The situation was not helped, in the immediate heady post-Somoza days by a youthful revolutionary unit arresting the Honduran ambassador in Nicaragua for several hours.

At the same time the Honduran Government did not take to the new Nicaraguan ambassador, Sr. Ricardo Wheelock, a prominent Sandinista Commander. He led an undiplomatic life-style with Sandinista bodyguards and had little regard for diplomatic etiquette.

After allegations were made by the Honduran Government that he was carrying out functions that went beyond his role as an ambassador, Nicaragua agreed to Honduras's formal proposal that he be withdrawn. Honduran officials say that arms were found in his car. Later, as a gesture of goodwill after Sr. Wheelock had left, the Honduran government returned 35 Nicaraguan aeroplanes which the fleeing guardsmen had used to escape to Honduras.

This was followed in January by Honduran soldiers preventing a group of armed guardsmen from crossing the frontier. Observers have suggested that this incident might have been set up as a pretext for the Honduran Government to publicise its good faith in keeping the guardsmen under rein.

This year relations between the two countries have been smoothed out and the new Nicaraguan ambassador was expected to present his credentials in March.

But the frontier dispute with El Salvador still drags on after ten years. Given the rapidly moving situation in El Salvador, and the lack of clearly defined authority, the problem is unlikely to have an early solution.

Honduras would like to rid itself of the problem and is happy to set about demarcating the disputed area, which comprises about 10 per cent of the total border area. According to the Honduran Foreign Minister it is costing both countries about $1m a year to pay for the observers from the Organisation of American States who are patrolling the area.

But a face-saving factor is needed, because neither side wishes to be seen the loser. The Honduran Foreign Minister met with his Salvadorean counterpart on Costa Rica in February for the first time since last June and they agreed to further meetings.

A Peruvian lawyer is acting as mediator between the two sides and is drawing up recommendations on how the dispute could be settled. If just one side disagrees with his proposals then the matter will be taken to the International Court at The Hague, but neither country wants to make the first move.

Lively economy based on export crops

THE TINY Honduran economy is expanding quickly and apart from some increased flight of capital shows few signs of being affected by the uncertain political situation in most of the rest of Central America and nearer at home by the country's elections, which should see an orderly transfer from military to civilian rule.

Capital flight is privately estimated at $60m in the last year but observers believe that a substantial part will return if the elections go off without any serious problems and Central America does not explode politically.

For the past four years this largely agricultural economy has registered an annual average growth rate of 6 to 7 per cent in real terms, the most sustained and dynamic in Central America. This year it will probably slow down a little, to between 5 and 5½ per cent because of the country's growing oil bill and balance of payments problems.

Honduras, like so many other poor and underdeveloped countries with no energy resources of their own, is being hard hit by the OPEC oil price rises. Luckily, the oil bill is to some extent being offset by the good prices for the main Honduran exports — coffee, bananas, timber, meat, silver and sugar. These prices are expected to remain fairly strong this year. Production has fully recovered from the devastating Hurricane Fifi of 1974.

Even so, oil prices continue to outstrip the rise in export earnings. For example, in 1972 the country could buy a barrel of oil with 3 lb of exported coffee; today it takes 24 lb.

This year's oil imports, according to the Finance Ministry, will cost 351m lempiras ($175.5m) compared with 225.5m lempiras ($112.6m) last year. This means the trade deficit will more than double this year to 109.7m lempiras ($54.8m) compared with 48.6m lempiras ($24.3m) in 1979. As a result, and because of an increasingly costly public foreign debt, expenditure on tanker transport (Honduras does not have its own fleet) and to a lesser extent repatriation of profits by foreign companies in Honduras, this year's current account deficit, on present import performance, will increase to a fresh peak of 549.3m lempiras ($274.6m), a 36 per cent increase over 1979's record deficit of 403m lempiras ($201.5m).

The oil price increases are of course also having an inflationary effect. Last year inflation was officially 9 per cent and this year is projected at 12 per cent. Both these figures, however, are regarded as conservative because of the narrowness of the central bank's basket of prices by which it measures the rate. Bankers' estimates run nearer to 19 per cent.

To cope with these problems the military government is pushing ahead in its 1979-83 development plan to improve the country's poor infrastructure in order to open up impoverished rural areas and so boost and diversify agricultural exports. At least 80 per cent of the land is covered in forests.

Exploring

With the construction of the $800m El Cajon hydroelectric project, on the drawing board for almost a decade, dependence on oil will be reduced. Texaco is exploring for oil but has so far not discovered a drop. Esso recently gave up its search.

When it comes on stream in 1985, El Cajon—located on the Humuya River in north west Honduras near San Pedro Sula, the commercial capital—will more than double Honduras's present installed generating capacity. In fact there will be a temporary surplus which could be exported to neighbouring countries.

Financing in concessionary terms has been arranged for the project, including $125m from the World Bank. The project calls for the construction of a 226-metre-high concrete arch dam creating a reservoir covering an area of 94 square km with a gross storage volume of 5.7bn cubic metres. Total installed output will be 292-MW.

The country's dependence on oil was highlighted in February when there was a fairly severe shortage of diesel fuel. The problem sprang, according to officials, from a drop in supplies by Venezuela and also from technical problems at the country's only refinery at Puerto Cortes on the Atlantic coast, which is majority owned by Texaco. The Minister of the Economy was hastily dispatched to Caracas to try to arrange for more supplies.

Other projects under discussion include the construction of three palm-oil refineries in the Bajo Aguan Valley which could make Honduras self-sufficient in food oils by 1983. The Government is also opening up the Olancho area in the centre of the country for a paper pulp project. The port at Trujillo is being improved to handle exports of paper pulp.

The ambitious development plan, which envisages capital expenditure of 3.2bn lempiras ($1.6bn), is unlikely to be altered by a new government for it is generally accepted by the political parties as an essential stabilising factor for the least developed country in Central America.

But development projects are straining the country's limited financial resources. Internal revenue can nowhere near meet the cost. The Government's budget deficit was estimated at $130m in 1979.

This problem is compounded by the sharp rise in interest rates on the international lending markets and by the tendency of private bankers to view Honduras in the same high risk terms as other Central American countries like El Salvador and Guatemala. This is understandable but not fair, as Honduran officials never tire of pointing out, for unlike those two countries Honduras is not plagued by political violence.

"Private foreign bankers think of us as the same as the rest of Central America. They do not distinguish and it is not making our problems any easier," the civilian Finance Minister, Sr. Valentin Mendoza, complained to me.

Foreign bankers in Honduras confirmed that they were not increasing their exposure very much and were adopting a wait-and-see attitude until after the elections and until the situation in El Salvador calmed down. "We took a hard beating in Nicaragua," said one U.S. banker, referring to the overthrow of the Right-wing Nicaraguan dictator, Gen. Somoza, last year. The banker said that his bank had written off between $5m-$6m in Nicaragua.

Servicing

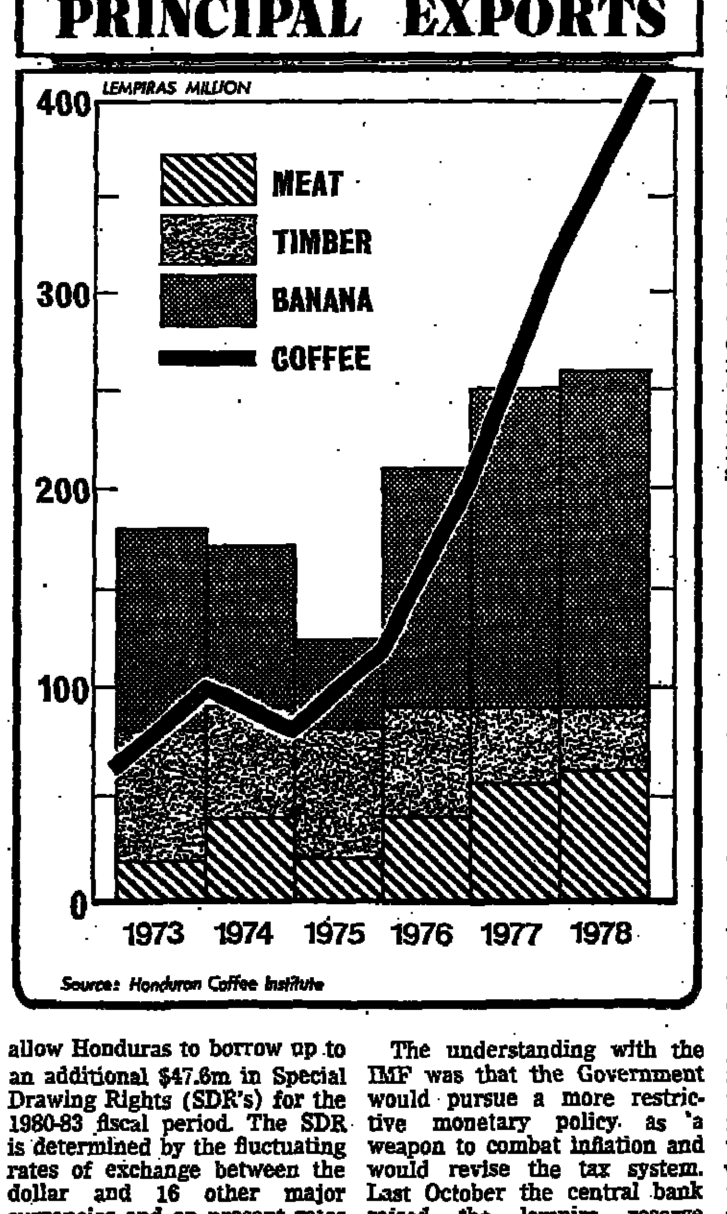
Total Honduran public debt at the end of 1979 was 1.85 lempiras ($925m) — 1.25bn lempiras ($625m) of it foreign and the rest domestic. Last year's total debt service was 129.8m lempiras ($64.9m) compared to 112.4m lempiras ($56.2m) in 1978. This year, according to Sr. Mendoza, the cost of servicing the debt is estimated at 168.6m lempiras ($84.3m), a 30 per cent increase over 1979.

The country's foreign debt has risen sharply in the past three years—by 30 per cent since 1978—but it is still very manageable. Last year the ratio of debt servicing to exports was 9 per cent and net reserves were 359.2m lempiras ($179.6m) at the end of 1979, sufficient to cover three months' imports.

The lack of internal revenue to finance the projects, which are vital in the long term, caused the Government to negotiate with the International Monetary Fund (IMF) last year and agreement was reached to allow Honduras to borrow up to an additional $47.6m in Special Drawing Rights (SDR's) for the 1980-83 fiscal period. The SDR is determined by the fluctuating rates of exchange between the dollar and 16 other major currencies and on present rates should give Honduras access to around $62m The agreement should help cushion the effects o fthe widening current account deficit.

The understanding with the IMF was that the Government would pursue a more restrictive monetary policy as a weapon to combat inflation and would revise the tax system. Last October the central bank raised the lempira reserve requirement from 30 to 35 per cent and the dollar requirement from 40 to 45 per cent in order to channel more money to the public sector.

PRINCIPAL EXPORTS



Source: Honduran Coffee Institute

Bananas fill the valley

BANANA PLANTATIONS stretch as far as the eye can see in the humid Sula valley on Honduras' Atlantic coast. From the air, flying between mountain ranges thick with forests, all that can be seen in the valley is a murky river winding its way towards the ocean, and on either side plantations.

In 1974 Hurricane Fifi flattened and flooded a large part of the valley and destroyed about 75 per cent of the banana crop belonging to Tela Railroad (a subsidiary of the U.S. company United Brands), which is the largest banana company in Honduras.

"The flood water stretched from one mountain range to the other," said a Tela Railroad executive as we flew over the area. "Just down there," he pointed to a collection of modern buildings, built since the hurricane, "was where most people were killed."

Today, it is hard to believe that such damage was caused to Honduras's main export. Banana production is now above pre-Fifi levels, although coffee production has risen greatly in the meantime and now competes for first export position with bananas.

Last year, according to the Honduran Finance Ministry's preliminary figures for 1979, 49.2m boxes (each with 40 lb) were exported compared with 39.2m boxes in 1978. Export earnings were 400.7m lempiras ($200.35m), 27 per cent of total exports, as against 282.4m lempiras ($141.2m) in 1978. This year the Ministry predicts that exports will number 50.4m boxes worth 434.3m lempiras ($217.15m).

Exports of bananas are, along with coffee, meat and timber, the mainstay of the Honduran economy and their abundance long ago gave rise to the phrase "banana republic."

Apart from its financial importance, the banana industry is also important because it is very labour-intensive—a significant factor for a country with high unemployment. At least 19,000 people work directly in the industry and thousands more depend upon it for their livelihood.

The industry is run by Tela Railroad along with another U.S. company, Standard Fruit, and to a far smaller degree the State-owned Banana Corporation (COHBANA). The two U.S. companies have dominated the industry since the end of the last century, but since COHBANA was created in 1975 the government is moving slowly towards increasing its participation in production.

Tela Railroad dates back to 1889 and takes its name from one of its export ports, Tela, only an hour's drive from the company's headquarters at La Lima, just outside San Pedro Sula, the commercial capital, and from the railway the company laid to open up the area.

The company is still a world on its own, with executives living in raised wooden houses which provide a cooling shade from the uncomfortable humidity, and the mass of workers living on farms in the middle of the plantations. There is a 300-bed hospital, schools and a golf club.

Prolonged

But since the prolonged 1954 banana industry strike the two U.S. companies have ceased to be a law unto themselves. Standard Fruit is based further down the Atlantic coast around the port of La Seiba.

The 1954 strike, in which the Government did not intervene, broke the backs of the companies and since then the State has gradually assumed a slightly more diligent role, extracting from the companies a greater contribution to the national economy in the form of increased taxes and better working conditions. Workers at the moment earn on average U.S. 60 cents an hour, but this does not include fringe benefits.

The modernisation and diversification of the Honduran economy really dates from the strike.

This year Tela Railroad will pay about 30m lempiras ($15m) in export taxes based on projected exports of 23.5m boxes and its annual payroll for its 12,000 employees will amount to about 80m lempiras ($40m).

The Tela Railroad operation is an impressive one. The bananas are loaded on to containers from the 40 farms and taken by rail for export from Puerto Cortes, a modern port complex, or from Tela, which has a finger pier. Peurto Cortes handles over 60 per cent of the company's exports which mainly go to the U.S. or to Rotterdam. Some shipments also go to Japan.

Up to 500,000 boxes are shipped a week compared to 50,000 after the hurricane. It took two years to get back to normal and now, with more intense agricultural methods, including better plant nutrition and disease control, developed at La Lima's own research department which employs 20 experts, increasingly high yields are being achieved.

The yield has increased from 900 boxes per acre in 1974 to 1,300 boxes at the moment.

The main problem now is combating an outbreak of black cigatoka, a virulent fungus which kills off the plants. Tela Railroad says that it costs the company $5m a year in pesticides and other forms of combating the disease.

Increased State participation is not at the moment viewed by the companies with any particular alarm. COHBANA's share of the market is about 14 per cent of exports and it is tending to enter new areas rather than take land away from the companies. But it is increasing its production—a lot of it for domestic consumption—quite quickly. In 1976 it produced 900,000 boxes and last year 6.3m. It plans to have added an additional 5,400 acres to its present 6,700 by 1980.

Most of its customers are smallholders to whom it offers finance—but at a fairly high cost. Last December, COHBANA was granted a $20m loan by a group of international banks at ¾ per cent over LIBOR for 10 years. In order to cover its administrative costs COHBANA relends that money at a further 2 per cent over LIBOR.

Nationalisation of the banana companies has not yet become an issue compared to the call from some sectors for the nationalisation of the Texaco oil refinery. COHBANA has to sell its bananas to the U.S. companies for export as it has no control over marketing.

Tegucigalpa—capital city

AT FIRST sight Tegucigalpa looks very unlike the capital of a small tropical republic. Surrounded by pine-covered mountains and often covered with rainclouds, the quiet city has a northern clime, almost Scottish, aspect. Nor are the people what the casual visitor would expect to find in a Central American country. They are not unfriendly but a little dour and undemonstrative.

Tegucigalpa has the dubious distinction of being alone among the Latin American capitals in never having had a railway. There was never the trade to justify the cost of building one. Of no great historical importance, it became the capital only in 1822. It is outstripped by San Pedro Sula both in age and in commercial importance.

Nevertheless the city is beginning to capitalise on the fact that it is the administrative centre, and full hotels and the building of new ones bear witness to the fact that Tegucigalpa is starting to close the gap separating it from its more bustling commercial rival to the north.

Haven

It is the seat of the Central American Bank for Economic Integration (CABEI), the principal financial institution of the regional common market, and, as unrest spreads to other bigger Central American capitals, it is starting to be something of a haven. There is not a civil war as there was last year in Managua, as there is now in San Salvador or is likely to be soon in Guatemala. Though it has its fair share of criminal street violence, the city does not echo the sound of machine gun fire.

In a modest way the city has become the listening post for the whole isthmus, despite the fact that communications with neighbouring El Salvador have not been fully normalised since the 1969 "Football War." Britain, which at one point decided to shut its embassy in Tegucigalpa, decided to re-open it on a modest basis. If political conditions in the surrounding countries get worse the city can expect to enjoy a continuing modest revival in its fortunes.

San Pedro Sula—industrial capital

SAN PEDRO SULA is the commercial and industrial capital of Honduras and probably the fastest growing city in Central America.

Only 36 miles from Puerto Cortes, the large modern port complex on the Atlantic coast, San Pedro Sula is ideally located as the funnel for the country's exports and imports. Most of the country's banana, coffee, sugar and timber exports pass through the area.

The industries in the city (population 250,000) include a small steel-rolling mill, an aluminium plant, textiles, margarine, furniture, zinc roofing, cement and plastics ware factories. It also boasts two newspapers, Tiempo and La Prensa, which from different ideological standpoints are often critical of the military government seated 150 miles away in Tegucigalpa.

Many of the local merchants are of foreign extraction—Arabs, Jews and Germans.

San Pedro Sula is 100 feet above sea level, compared to Tegucigalpa, which is 3,000 feet. Well over half the country's Gross National Product is produced in the San Pedro Sula area in an often sweltering climate. The city is in a valley and clouds swirling over the mountains cause the heat to be oppressive.

The city was founded by Pedro de Alvarado in 1536, but today nothing remains of the old colonial buildings. The bustling centre is now crowded with banks, insurance offices and the headquarters of most of the country's industry.

There are 23 consulates in the city and foreign banks—Bank of America, Citibank and the Bank of London and Montreal—all have offices in San Pedro Sula as well as in the capital. "In Tegucigalpa business is with the public sector, but this is the bastion of the private sector," commented one foreign banker.

Sr. Jorge Larach is one of San Pedro's leading characters and a blunt personification of the city's conservative thinking and spirit of enterprise. He runs a large chain of ironmongers and is also the chairman of La Prensa, a staunchly Right-wing newspaper.

When I visited him he was in the process of negotiating the purchase of some products from two Dutch businessmen. Seated, as is his custom, behind a little table on a raised platform in the middle of his shop, Sr. Larach, a portly figure, wearing the trditional *guayabera*, an embroidered cotton shirt, was driving a hard bargain.

Calculator

"You're too expensive," he shouted in English. "I can get the same thing [light bulbs] from the U.S. far cheaper." The Dutchmen fumbled around with a pocket calculator working out costs while Sr. Larach had his figures at his finger tips. Finally a deal was reached for a small quantity and the two Dutchmen went away wiping their brows.

"Here we sweat it out working," he said to me. "We work more than in Tegucigalpa despite the heat. I think it's because we have more contact with the U.S." Puerto Cortes is only two days' steam from New Orleans.

Sr. Larach ushered me upstairs into his private office and hardly had we begun talking than he told me to follow him into the street. "The Communists are marching again," he said referring to a demonstration being held by striking workers at the local brewery. Some toops were in the streets for the commander of the area's battalion is a hardliner. "The Communists are trying to infiltrate the unions," he said. I left him, after exchanging a few points of view, and noticed a highly uncomplimentary slogan about Sr. Larach painted on the shop door.

Sr. Larach's newspaper published photographs that day to show that not everyone at the brewery had gone on strike.

San Pedro Sula owes a great deal of its success to being so near to Peurto Cortes, where the country's one oil refinery is located. Honduras is the only Central American country excluding Panama to have a developed northern coast. Further stimulus to the area was given in 1978 when a free port zone of 269,000 square metres was created at Puerto Cortes.

The Government's hope was that the Puero Cortes zone would develop quickly because of uncertainty at the time at the other free port zone on the coast at Panama, which was negotiating with the U.S. the transfer of the canal. But the Puerto Cortes zone, which offers total exemption from all taxes for national and foreign companies, including no import or export duties, has not developed very quickly. Of the 43 companies which showed interest in establishing companies in the zone in 1978 only ten are there today, six international, including Roche, and four local.

Hurricane success for the coffee industry

BUT FOR Hurricane Fifi, which raged through the country in 1974 destroying 80 per cent of the banana plantations, Honduras would probably never have taken the decision to build up a strong coffee industry. Today it is the country's principal source of foreign exchange, dislodging bananas, traditionally the main source of external revenue.

The creation of the Honduran coffee industry is one of the country's success stories. In 1973, before the hurricane, coffee exports earned 96.9m lempiras ($48.45m); 18 per cent of total exports. In 1977 coffee became the main export earner with 338m lempiras ($169m), 33 per cent of total exports, and that position, because of high prices, was greatly reinforced in 1978 with earnings of 424m lempiras ($212m), 35 per cent of exports. Last year coffee just about maintained the number one position, with 393m lempiras ($196.5m) although bananas were back with a strong showing.

Fifi brought home to the Government the country's excessive dependence on bananas. The hurricane did little damage to the coffee plantations, and these enabled the country to earn some foreign exchange the following year.

In 1975 advocates of a strong coffee industry were given another boost; frost hit the Brazilian plantations and, because of reduced supply, caused prices to soar.

Fifi, coupled with the realisation of the fluctuating world coffee price situation, made the Government determined to take steps to bolster the Honduran coffee industry, in order not just to earn more foreign exchange, but also to prepare for the eventuality of future hurricanes whose impact on the economy would be less if crops were more diversified.

Employees

The banana industry is now fully back to normal. Meanwhile, the Honduran Coffee Institute, which in 1973 employed about 60 people, now numbers over 500 employees.

The institute runs five experimental schools, finances producers and provides technical assistance. "After the church we are probably the most popular organisation in Honduras," joked a member of the institute.

It is not difficult to see why for it is estimated that possibly as many as half the working population of 835,000 depend on coffee in one form or another for their livelihood. Over 80 per cent of producers have less than 50 hectares.

The institute finances itself by buying from producers a certain percentage every year which is destined exclusively for domestic consumption. This is then resold to roasters at a higher price and the institute pockets the difference.

In July the institute will see its dream of establishing a coffee bank come true. The bank, to be known as Bancafeh (the final "h" stands for Honduras), will have an initial capital of about 16m lempiras ($8m) — 56 per cent provided by producers and the rest split among the institute, exporters and roasters, some of the capital is being raised in a unique way — by making it obligatory for producers to pay the bank 10 lempiras ($5) for every quintal (46 kilo bag) sold. In return the producers are given shares in the bank.

As the institute has control over all exports and most national sales — except those among isolated communities — it is confident that the bank will get off to a strong start and so be able to offer a lot more financing, insure crops and provide technical help to fight off coffee rust, which has hit most other Central American producers but not as yet Honduras.

By making more finance available the institute will be able to encourage the use of more modern methods to give a good boost the yield per hectare. Honduran yields are still way below those of other major coffee producing countries. For example, neighbouring El Salvador, which is a far smaller country, exported 2.4m sacks (of 60 kilos each) in 1978 and Honduras 939,000.

Incentive

As an additional incentive the institute now announces every morning on the radio the day's international coffee prices. Up in the hills, in small communities, coffee producers still lead a way of life which has changed little over the centuries. But many of them do have one modern gadget—the radio—and while many cannot read or write they can understand the language of money.

As a result the middle man who drives the hardest bargain possible is now finding that the small producers are tougher in their negotiations. The institute hopes that the extra money they earn will encourage them to boost their coffe production.

Loan to help tourism

WITH THE aid of a $20m World Bank loan Honduras is starting to build up an attractive tourist industry. The country has a lot to offer, ranging from the magnificent Mayan ruins at Copan near the border with Guatemala to the equally historic Bahia (Bay) Islands in the Caribbean where Christopher Columbus landed in 1502 during his last voyage to the New World.

The country's tourist industry is at the moment in an early stage of development and so growth potential, boosted by a climate of peace as well as sun, is large. About 300 miles of coast is washed by the Caribbean and there are vast areas of beaches to be developed.

The number of tourists coming to Honduras has been rising slowly but steadily. According to the central bank 86,812 tourists came to Honduras in 1978 compared to 85,640 in 1977. It is estimated that each tourist stays for 2.5 days on average and spends $25 a day—a figure which would make tourism revenue in 1978 about $5.4m, a small contributor to the balance of payments.

Between now and 1985 an extra 1,300 rooms should be built with money from the World Bank and an estimated $30m in financing provided by the Government's National Investment Corporation (CONADI).

Most of the World Bank loan, about $16m, is being channelled towards the construction of 700 hotel rooms—250 of them on the Bahia Islands of Utila, Roatan and Guanaja, which are dotted with coral reefs, coconut palms and hills covered with tropical greenery.

The islands are becoming very popular with U.S. tourists. The Honduran national airlines have flights from New Orleans and Miami to the islands passing via San Pedro Sula, the commercial capital, and La Seiba on the coast.

Crowded

The air traffic to the islands has now become so crowded at weekends that often there is a several hours wait at La Seiba. This problem should be solved by 1982 when the air strip at Roatan, the largest island, will be extended and properly surfaced, again with the help of World Bank money, so that it can handle more direct flights and larger aeroplanes.

CONADI's financing for around 600 rooms includes a 150-room Sheraton hotel in Tegucigalpa, the capital; an 80-room hotel at the Copan site and the rehabilitation of 70 wooden raised houses at Tela on the Atlantic coast which were lived in by executives of United Brands, the fruit company.

Apart from the islands the main focus of attention is at Copan, which is being turned into an archaeological park. The ancient city, which is known to date back to at least 465 AD, stands upon the banks of the River Copan, which is being diverted to protect the ruins. It is believed that only about 30 per cent of the site has been explored and archaeologists are working hard to discover other ruins.

The road from La Entrada to Copan should be completed by June, which will cut travelling time, over the present rough road, down by half. As it is, 30,000 people a year visit the site and are not deterred by the arduous journey. One of the more curious monuments at Copan are the stelae, which stand upright and bear intricate designs.

"We will write the Queen . . ."

"WE WILL write the Queen of England. She will defend us against the people in Tegucigalpa." The speaker was not British but a Moskito Indian from the jungles of north-east Honduras. We were in Palacios, a small community of 500 living in palm-thatched bamboo huts and facing a fresh-water lagoon where the Rio Tinto empties into the Caribbean.

It was difficult to believe this had once been Black River, one of several 18th century English settlements dotting the Honduran coast. Today the only reminders of that era are grassy mounds covering remnants of forts and houses, and local folk memories of an English protectorate which lasted 170 years.

Settlement of the Honduran coast began in earnest only after England's capture of Jamaica in 1655, although a few insignificant enclaves had been established earlier around Cape Gracias a Dios. But from 1655 onwards immigrants from England, the Bahamas, Bermuda and North America poured into Jamaica. Some reached Honduras, including William Pitt, a young man from Bermuda, who founded Black River in 1699. The area was rich in conifer, logwood and mahogany and had never been settled by the Spanish. The colonists planted sugar cane and were soon raising herds of cattle.

Although other settlements sprang up nearby, including Brewer's Lagoon, Nasty Creek and Cape Cameron, none was as important as Black River, which by 1750 had 3,700 inhabitants, brick and white clapboard houses and several elegant mansions. Annual exports to England, Jamaica and New York totalled £130,000 (in those days) and consisted not only of local dyewood, mahogany and rum, but also horses, cocoa, sarsaparilla, cochineal—and gold and silver obtained through contraband trade in Hondura's interior.

But no English settlement could have survived the wrath of Spain without the Sambo-Moskitos. These were the mixed descendants of coastal Indians and escaped African slaves whose friendship had been cultivated since the 1630s by English traders who exchanged rum and firearms for tortoise shell, indigo and cacao. Their hatred of the Spaniards was proverbial, as was their ferocity.

Eventually the Jamaican authorities decided to formalise the relationship by creating the kingdom of Moskitia, with which an alliance could be established against Spain. Accordingly, in 1687 the Governor invited the Sambo chief to Jamaica where he was crowned King Jeremy I. He was followed by a "royal" line maintained by the English until the middle of the last century.

After the outbreak of the War of Jenkin's Ear in 1739, London sent a superintendent to Honduras with instructions to convert the unofficial settlements into a formal British protectorate with Black River as administrative and military centre.

Troops were landed and forts constructed. Expeditions of English and Moskito soldiers from Black River raided as far afield as Costa Rica, and during the Seven Years War pactured the Spanish fortress at Omoa. Black River was also a useful refuge for Belizean colonists, who fled there after the Spanish destruction of their settlements in 1754.

Not until 1781, with England distracted by rebellion in North America, did the Spaniards succeed briefly in attacking and burning Black Riber. Then, as part of the territorial reshuffle accompanying the Peace of Versailles, England in 1786 agreed to evacuate the coast in return for territorial concessions in Belize. Although the Spaniards occupied Black River they were never secure from Moskito attack, and in 1800 the garrison was massacred.

After its independence from Spain Honduras was too weak to re-occupy the coast, thereby prompting the English to revive the Moskito alliance. Reigning monarchs' children went to Jamaica or England to be educated, and a brisk trade in sugar, tobacco, hides and indigo developed with the Belizean merchants. English ambitions in the area became linked to plans for a trans-oceanic canal, and the consequent commercial enthusiasm for the coast grew infectious. Even the London Stock Exchange came into the act when in 1823 Gregor MacGregor, a Scots adventurer, successfully launched a £200,000 loan for the State of Poyais, a non-existent country centred around Black River and fabricated from a land gran t given by the Moskito king.

Crowned

As if to demonstrate that the coastal alliance was stronger than ever, Moskito kings began to travel to Belize instead of Jamaica to be crowned. In 1824 Robert Charles Frederick was duly invested with royal regalia by the Superintendent of Belize as official representative of King George IV, and £1,000 for entertainment and presents was allocated by the Assembly. Shortly afterwards it decided to pay an annual subsidy of £300 to assure Moskito friendship.

Although the Hondurans deeply resented this relationship, any action against the Moskitos precipitated stiff diplomatic protests, if not threats by English warships. As late as 1847 the Governor of Jamaica warned Honduras that "The Mosquito Coast is a distinct Territory and Realm under the Protection of the British Crown."

Then a new player appeared on the board. The U.S. had long been deeply concerned over possible English control of a canal linking the two oceans. Negotiations produced the 1850 Clayton-Bulwer Treaty, which provided that any canal would be open to all shipping on equal terms.

But although England had also agreed not to annex any mainland territory, Disraeli decided that the Bay Islands did not come under the treaty, and two years later proclaimed them a colony. The U.S. protested vigorously and war seemed imminent. The Moskito king somewhat over-enthusiastically rallied to the Union Jack and repudiated American concessions near Greytown, Nicaragua. When a U.S. cruiser landed marines the Moskitos drove them off, prompting the warship to bombard the town.

Rather than go to war, England renounced the Moskito alliance in 1856 and ceded the Bay Islands to Honduras. In return the U.S. agreed to support an extension of Belize's boundaries which doubled the colony's area. The dismemberment of English influence on the Honduras coast begun in 1786 was now complete. The former English settlements faded from the public eye, although 1896 saw a brief revival of interest when a Swedish colony at Black River was unsuccessfully promoted by entrepreneurs from Chicago.

Moskitia, that part of Honduras where Palacios is located, is covered with jungle, divided by streams and full of swamps. Roads are almost non-existent and most transport is by dug-out canoe. Cut off as they are by forests and mountains from the rest of the country, it is not surprising that the few impoverished inhabitants feel neglected. In the isolation of the wilderness time stands still, and is easy to recall fondly the good old days of the 18th century when one Black River rancher boasted: "The beef I have killed here would not disgrace Leadenhall Market."

F. Griffith Dawson

Ambitious ideas for an oil pipeline

CENTRAL AMERICA and the Caribbean are littered with over the centuries one great great natural harbours which power or the other has considered strategically important and coveted. Havana and Santiago de Cuba did good service for the Spanish empire. The port of Kingston, Jamaica, served the British at the time when the Royal Navy mounted a West Indies squadron. Willemstad in Curaçao has brought safety and profit to the Royal Dutch Shell company and Guantanamo Bay is close to the heart of the U.S. Navy today despite the fact that it is surrounded by hostile Cuban territory. Sightings of Soviet submarines have been reported in Cienfuegos Bay in Cuba with all the regularity and unreliability of those of the Loch Ness Monster in Scotland.

Honduras' corridor to the Pacific through the Gulf of Fonseca was another such ancorage which Washington eyed with interest in the last century. Its naval importance is not great at the moment, though the nightmares of the U.S. Defence Department about the social changes sweeping through Central America must include the dire possibility that the great natural harbour with the massive volcanic peak of Cosigüina guarding its entrance could fall into the hands of America's enemies.

Shorten

With fewer strategic worries Honduras is doing its best this year to make profit out of the fact that the Bay could be the terminal for a transithmus pipeline to take oil from tankers from Alaska to the Caribbean, say at Puerto Cortés. As the Hondurans present their case, the pipeline which would be considerably longer and more difficult to lay than those proposed in Panama, could shorten the journey for the oil from one ocean to the other by more than 1,000 miles.

The project has so far proved a little difficult to launch. The Honduran Government's relations with the largest oil company in the country, Texaco Caribbean, which runs the only refinery, have been difficult, not to say stormy, as disputes have blown up over pricing policy. Government financies, as they are, it is clear that the State itself could not take more than a small equity stake in the pipeline.

Government officials claim, however, that various investors are keen to make the investment in the pipelin and in an associated refinery which would be bigger than Texaco's present installation. The porject will, they predict confidently, go ahead as soon as the eletcions are over and those interested are clear about what sort of government they will have to deal with.

Such optimism could be justified. But the project's future will clearly be affected by the final decision on whether the Japanese build a sea levl canal near the present waterway in Panama.

The Japanese sent a high level industrial mission to Panama early this year and during his ercent visit to Tokyo the Panamanian President Sr. Aristides Royo had further talks on the subject. Mexico, too, has been interested in the building of a pipeline across the Isthmus of Tehuantepec. This route would save U.S. shipper as much mileage over the Honduran route as the Hondurans claim to save over the Panamanians.

Some of the intricately carved monuments at the ancient city of Copan

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PRODUCTION CONTROL

Monitors machines

A 10 per cent improvement in machine productivity, it is well known, can dramatically improve pre-tax profits, perhaps almost double them. The means of doing this consistently is less well known, but Dextralog has come forward with a system that continuously updates the reasons for downtime and enables management to take quick and effective action.

It is also claimed to have the additional advantage of involving the operators and provides them with a factual, independent record through which they can help improve bonuses.

Dextralog argues that without its kind of system for instantaneously recording the length and reasons for downtime, which can be translated into simple histograms, they become arguable and imprecise through having to rely on an operator's or electrician's memory of how long the downtime lasted. It is also, of course, invaluable as a work study tool for evaluating the performance of an old machine, or a faulty one, and will provide the evidence for or against replacement.

The system monitors one or up to 96 machines. The simpler version, Dextralog BX records the production and up to 10 stop causes on a machine at the choice of the management.

For instance, if there is an electrical breakdown the operator presses the appropriate button and then "records." Thus the downtime is being clocked against the electrician, and until the machine is back in action the downtime will continue to be recorded against the electrician.

Applied throughout a machine shop it could tell management whether the number of setters, or electricians is more or less than adequate.

In addition to recording machine efficiency, a simple arithmetical sum will warn management of what downtime to expect over a shift, or week if the fault is persistent. Details of downtime and other information like net production rate per hour are retrievable for up to three shifts. An interface is available allowing a supervisor to plug in a special hand-held printer that prints all the information in chronological order.

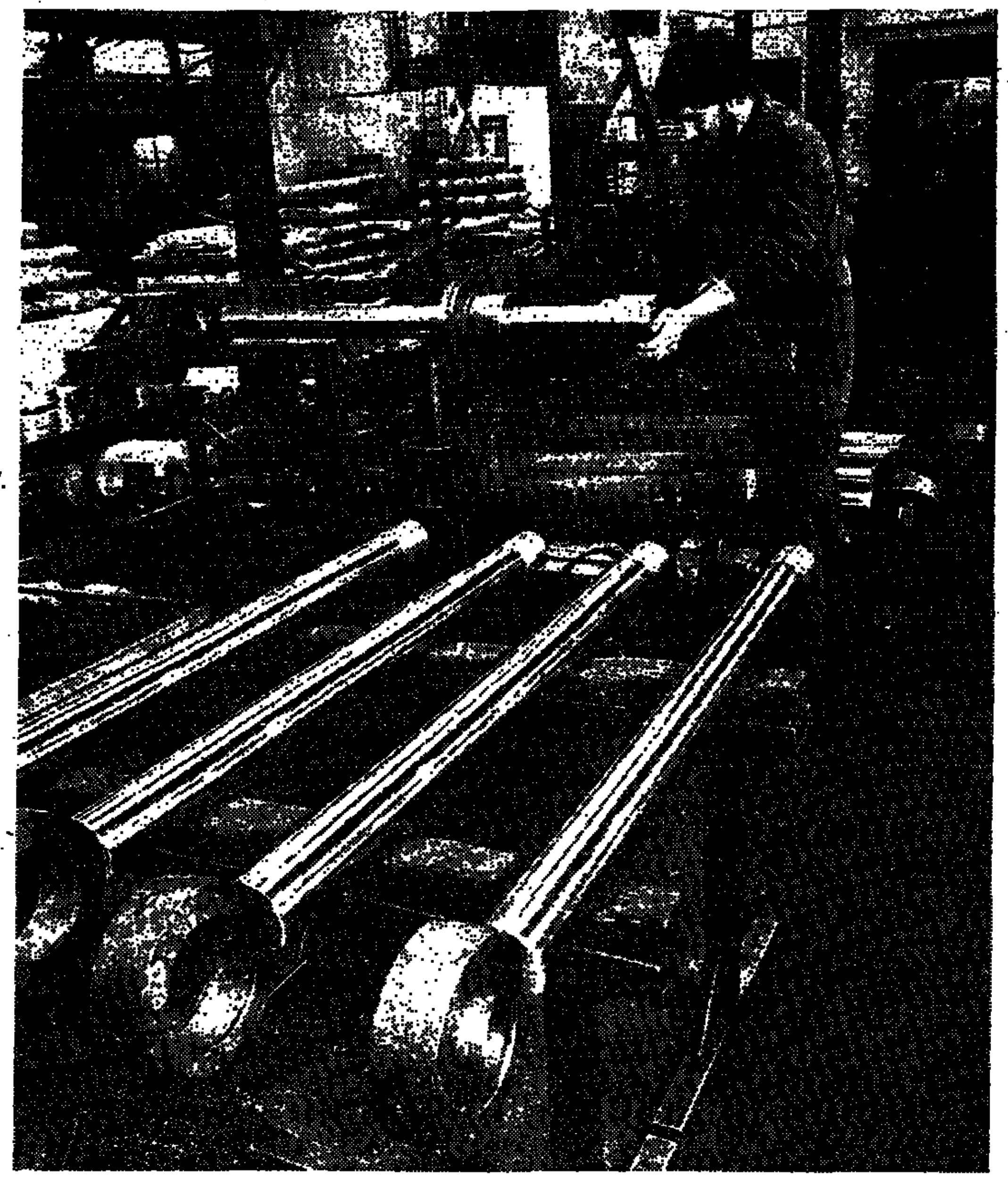
The other system is Multi-BX. Instead of fixing one unit to each machine, there is a selector box incorporating 10 different stop causes. In place of pressing a button the operator turns a knob to wind up the stop cause and a bulb lights at the top of the selector box. Information is relayed to the multiplexor unit on the workshop wall. From there it is relayed to a BX unit in an office and thence to a hard copy printer.

Apart from the information available from the BX system, the MBX provides for up to four job changes and a full downtime analysis at the end of the shift or any time on demand. Visual aids, like the histogram or stop cause map provide management with a continuously updated picture of exactly what is happening, machine by machine on the shop floor.

In use, one BX unit in the first year generated £250,000 extra profit, and in another instance raised machinery efficiency from 73 to 94 per cent. When the unit was removed efficiency fell back to the original level.

Dextralog, Hillside, Whitebirk Estate, Blackburn, Lancs BB1 5SN.

PETER CARTWRIGHT



Piston rods for hydraulic cylinders being checked at the Birmingham factory of Weston Hydraulics. The rods have been produced from solid bar specially depth-bored to reduce weight but retaining a precise wall thickness and leaving a solid base to which the piston "eyes" have been welded. Tubeboring of Tetbury, Glos, carried out the deep-hole boring to wall thickness/straightness tolerances of plus or minus 0.1 mm and 0.025 mm per foot respectively.

● PROCESSING

Spraying in safety

A WIDE range of industries will be able to effectively spray, with no risk of danger, almost any type of fluid chemical in any situation, promises Techflow, Otterspool Way, Watford, Herts. (0923 27569).

Acids, caustic solution, solvents and dyes are just some of the corrosive chemicals which can be stored in the 20 litre stainless steel pressure tank of a portable pressure sprayer. This has Viton seals internally for maximum resistance to chemical attack and, externally, is protected by a hard rubber base and top plate with built-in carrying handles.

Large, quick-release cover in the top of the tank allows easy filling. When the cover is replaced, the unit can be pressurised up to 130 psi from any convenient air source or ordinary foot pump, and over-pressurising is prevented by a built in automatic relief valve.

Fluid discharge is via 20 ft of chemically resistant hose which terminates in a positive shut-off pistol unit and 24 or 40 in lance with jet/spray nozzle allowing a vertical reach of about 20 ft to be achieved.

It will hold its pressure charge indefinitely and is able to be used intermittently without further attention. It can be used for continuous spraying for 15 to 20 minutes.

● PIPELINES

Locates the leaks

PIPELINE operating companies which need a quick warning of leaks are being offered a microprocessor based system devised by Spectra-Tek UK of Swinton Grange, Malton, near York (0653 5551).

The system works through the detection of sound waves and it enables small ruptures, which may be a long way off, to be sensed. Detection of a leak within a few centimetres at a 10 to 20 km range is typical, it is claimed.

The system can be interfaced with automatic shut-down procedures and an indication given of the location of the leak.

● DATA PROCESSING

Bar code printing

MAKING AN entry into the bar coding market is Spicer-Cowan which is to offer a film masters service based on the Datronic system.

The company has identified a growing market in view of the fact that "90 per cent of all supermarket companies" have committed themselves to converting all their stores in the next few years.

These codes, printed on goods, contain data about price, product category and so on by means of closely spaced bars which can be scanned by a laser reader "pen" used by operators at the store check-out points. Clearly, the codes must be accurately printed to avoid any chance of error.

Spicer-Cowan says it is not enough to originate a bar code to the same size required for the printed symbol, because the spaces between the bars tend to close up (print gain) during the printing process. The Datronic system offers film masters accurate to 0.001 mm and can calculate the print gain at each printing works to the same accuracy. Two computers are used operating independently. A film master can be produced within seven to eight days of ordering.

More from New Hythe House, Aylesford, Maidstone, ME20 7PB (0622 77777).

... and checking

WHETHER OR not the code actually printed is accurate can be checked with a device called Laserchek which uses similar technology to that in supermarket wand scanners.

Developed by Symbol Technologies in the U.S. the unit can be obtained in the UK from Numeric Arts, 14 Cookham Road, Maidenhead, Berks (Maidenhead 847369).

It consists of a hand-held unit with a laser scanner at one end which is positioned over the code label on the goods, and this is cable-connected to a small console housing some LED indicators and a ticket roll printer.

On the printer appears a diagnostic print-out detailing the code's print accuracy, colour contrast and scanning efficiency—a useful practical check because the unit works in the same way as a store scanner.

● COMMUNICATIONS

Everyone kept in touch

THREE COMPANIES, Multitone, Telephone Rentals and Motorola have made announcements in the last few days about new paging systems that by-pass the PABX operator and allow direct paging from any telephone instrument.

Digitel 90 is the name of the equipment designed and made by Multitone Electric 6 Underwood Street, London N1 7JT (01 253 7611) and this equipment is also available on a rental basis from Telephone Rentals, TR House, Bletchley, Milton Keynes MK3 5JL (0908 71200).

Access to up to 1,000 paging receivers is provided: the initiator of a call simply dials an access number on an internal phone, the number of the pager to be called, an alert tone coding digit and the numerical message, of pre-arranged meaning, that is to be displayed on the receiver.

Up to 100 pagers can be called at the same time; these can be special teams of people such as a maintenance crew and there are eight alerting tones that can have allocated meanings. A numerical display on the pager (four digits) indicates a location for assembly.

Digitel 90 can aslo be used to signal a wide range of emergency and alarm conditions ranging from night calls in hospital to machinery malfaunction.

Name of the Motorola unit, for use with the company's range of radio papers is Modax 100 and it also permits direct dial paging from any PABX extension.

The company makes the point that such systems are also of great help to the PABX operator, who no longer has to operate a manual encoder.

Modax 100 can either be connected directly at selector level into the PABX or at the end of an extension line so that it can, in effect be placed anywhere on the premises.

Options include the ability to access paging units directly from the equipment, and an emergency facility by which one or two individuals or groups can be paged by a remote contact closure. The company is at Seal House, Seal Road Basingstoke, Hants (0256 54621).

● VENTILATION

Fresh air without noise

A MECHANICAL ventilation unit called Maxi Highway has been introduced by Airprime Equipment which should be particularly useful in buildings sited near to airports, railway stations and main roads where noise levels are an annoyance.

The unit delivers cleaned air at up to 500 cubic feet per minute through an acoustic baffle of long strand glass fibre which it is claimed reduces external noise "dramatically." An additional one inch thick filter, which is removable for cleaning, stops particles down to 10 microns. The air is discharged upwards at an angle of 45 degrees to give maixmum circulation but avoid draughts.

Cooling, heating and thermostatic units can be incorporated int othe ventilator as optional extras.

More from the company at 141, High Street, Southgate, London, N14 6BX (01-882 2924).

● TRANSPORT

Recovers big vehicles

MAKING ITS debut next week at the Vehicle Recovery Operators conference and equipment exhibition at Droitwich, Worcs. (April 25-27), is an all-purpose recovery truck designed and produced by Edbro (London), Great Gransden, Sandy, Beds. (Gt. Gransden 332).

Promising to cope with virtually any heavy vehicle recovery situation it is based on a Volvo F89 six-wheel chassis with a 35-ton capacity rear bogie and a gross train weight of 110 tons.

Design of the Edbro-TFL includes a new extending single-boom crane with a capacity of 25 tons, a free-wheel lift (for transportation of wrecked heavy vehicles), and a highly manoeuvrable lorry-loader crane to assist in difficult recovery operations.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

European business course for school-leavers

LONDON'S newest business school, the grandly titled European Business School, was launched this week. It will open in the autumn in a very modest way, with just 12 school-leavers as its diploma students. But as the younger sister of two established business schools in France and Germany, its claim to the "European" prefix is genuine.

The first European Business School was set up in Paris in 1967 by Philippe Guilhaume, a business consultant, together with representatives from industry, commerce and education. It now has 500 students.

The second, in Frankfurt, followed in 1971, and now has 250 students.

The centre in Paris is 50 per cent financed by student fees and 50 per cent by industry. Frankfurt is also 50 per cent financed by student fees, but receives 35 per cent from the German Government, and the remaining 15 per cent from industry.

The new school in London, operating under the protective wing of the City University until it grows large enough to merit its own premises, hopes to take students with 2 A level passes and an ability in French and German.

What will make the European Business School different from its UK competitors is the degree of emphasis put on "International Management." In addition to basic business teaching there will be considerable tuition in French and German to help the students develop "an everyday usage" of both languages. They will also be taught elements of business in both those countries.

The school offers a four year course, one year of which is spent overseas with time divided equally between the sister business schols in Frankfurt and Paris. And ten months of the course will involve work within companies.

There can be little dispute that Britain needs all the internationally oriented managers it can get, especially with good linguistic skills. But the new European Business School faces an uphill task to get itself established.

The major problem is that the course is as yet unrecognised by both the UK educational authorities and by business itself. So the school will have to attract students of sufficient calibre with enough funds to meet their fees (£1,100 a year) and living expenses for four years, and the willingness to study for a diploma which is as yet unrecognised. It would not bode well if all the school could attract is those better-off school-leavers who cannot find places in the state system.

This thought appals the staff at EBS. They point out that graduates from the German school are being snapped up by companies who appreciate the need for managers with an international outlook.

European Business School, Lionel Denny House, 23 Goswell Road, London, EC1. (Tel. 01-251 4385).

Jason Crisp

The buccaneer with an eye for a little more privacy

BY FRANK LIPSIUS

MESHULAM RIKLIS, one of the most colourful entrepreneurs in American business, announced this week that he is again planning to turn his $2.6bn creation, Rapid-American Corporation, into a private company. His last attempt, in 1974, was dropped after questions were raised by the Securities and Exchange Commission. In the article below Frank Lipsius reports on an interview with him, and examines the background to this most unusual saga.

IT IS entirely in character that Meshulam Riklis owns 40 per cent of the Riviera, one of Las Vegas's most popular hotel-casinos. Gambling fits Riklis's style, and gambling on the scale of a life-size Monopoly game even more so. As chairman of the Rapid-American Corporation, a $2.6bn enterprise he began 25 years ago, Riklis is a man who thinks big—and gambles big.

His reputation for financial buccaneering has been with him from the beginning of his controversial business career. Even though he worked his way through college teaching Hebrew, after he came to America in 1947 as a 23-year-old immigrant, he always "wanted to build an empire through acquisitions." Looking back on the rapid growth of his empire and the subsequent bumps along the road, he says he was "fair game" to the journalists and banks that were ready to dance on his financial grave. "After all," he says, with more quiet defiance than self-pity, "who was I to build this empire? I would be a lesson to young people who in the future might dare to emulate Mr. Riklis."

He admits to building his empire with other people's money, using debentures, which he calls "Russian roubles," and warrants, his "Castro pesos." In 1960, for example, in a key series of transactions, he sold a small chain of general merchandise stores, which he had hammered into shape, for $50m in cash; then he turned round and bought 40 per cent of the country's fourth largest general retailer, McCrory, for only $7m in cash out of a total purchase price of $46.5m.

He had enough left over to establish a much larger empire that included the Lerner chain of women's clothing shops and an Oklahoma chain of auto-accessories and tyre stores. These stores together now constitute the retailing division of Rapid American.

The ability to manage, a qualification Riklis is proud of today, was less obviously apparent in those days. He admits that after he put the retail group together, he might have relaxed a little too much.

Three years later, in 1963, Rapid American had a particularly rough year. Though everything was not running smoothly in all the other businesses, it bought another $15m-worth of McCrory shares. At the same time McCrory bought in almost $11m of its own shares, boosting Rapid's ownership to above 50 per cent. But bad results took more than half the value off Riklis's holding in a matter of months when the shares he bought for $25 apiece plummeted to $10.

Strapped for cash, Riklis engineered an emergency sale of available assets and all marginally profitable stores. $60m was raised in this way to avert the crisis, without selling the highly profitable Lerner chain, which at the time was considered the corporation's key asset. Although Riklis was willing to jetison this, the most precious cargo, for the chance to save the whole ship, stockholders would not permit the disposal of the strongest part of the company, even for the reported $60m Riklis could get for it.

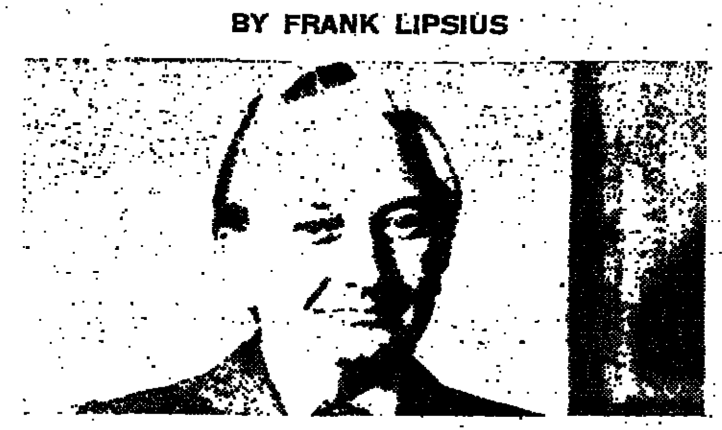
With the 1963 crisis behind him, he discovered a talented administrator to take charge of McCrory, who worked from the ground up to revamp and modernise its operations. Riklis could now concentrate on building a second empire for Rapid in consumer packaged products. They still exist today, as two of his three operating divisions: clothing, manufacture and distilled beverages.

Cocktail

The second was carved out of the liquidation of Glen Alden, a heterogeneous holding company for mines, theatres and real estate. This provided the assets to buy a diversified group of clothing manufacturers as well as Schenley Industries, maker of numerous brands of bourbon and a popular new type of pre-mixed cocktails, and also U.S. distributor of Dewar's scotch whisky.

Rapid's last major acquisition, the J. J. Newberry general merchandise chain bought in 1972, snugly fits the image, clientele and merchandising objectives of McCrory. With 740 stores, it was nearly the same size as the now profitable McCrory, but its $2m in annual losses made it a bargain.

But it was an earlier acquisition that precipitated the next real crisis for Rapid in 1974-75 —and the transformation of buccaneer into a rationalisation-minded manager.



Meshulam Riklis: built an empire on "Russian roubles" and "Castro pesos"

S. Klein was a chain of 11 department stores in and around New York. Half were unprofitable. The company had an image of catering to the poor immigrant masses of the city, a remnant of the street-market era turned indoors.

The management team that had succeeded at McCrory, digested Newberry and made it profitable within the first year, could not get S. Klein under control. They had not particularly wanted it, warning Riklis off the purchase, but the bargain was too much of a temptation.

In this same period of economic downturn and a sharp Wall Street decline, Riklis's personal investments were also receiving unflattering public attention. Over a three year period, he had put $20m of his own money into five ailing companies that he had expected to turn around. Instead his capital was halved and he lost some of his reputation as a financial wizard, as a Wall Street Journal headline indicated: "Meshulam Riklis Steps In to Try to Help Sick Companies, but They Only Get Sicker." It was at the same time that Riklis bought his share of the Riviera in Las Vegas.

But he also had an ingenious scheme for extricating Rapid from S. Klein's declining fortunes by merging it and some profitable McCrory stores with another large but weak retailer, all to be owned and managed by his successful McCrory team. The creditors eventually failed to agree to the deal. The weak retailer collapsed and Rapid took a $100m write-off on S. Klein in 1975.

For the second time, Riklis was faced with the possible demise of his empire. This time he did sell one of his most profitable and untroubled units, International Playtex, the women's underwear maker, to raise $210m to ward off immediate creditors.

He also took tighter control of his company after what he admits had been a period of laxness. Two years later he said in an interview, "I have not had a Saturday or Sunday in two years in which I slept until noon. There hasn't been a night in which I went to bed before 2 o'clock in the morning. Maybe it doesn't show on me, but believe me it's shown on my blood pressure." Just to get the company on an even keel was a major task when corporate debt reached $650m on sales of $2.3bn. Part of this legacy persists to the present, with high interest payments cutting corporate profits.

Unconventional to the last, Riklis's antidote consisted of taking out tiers of administrative supervision and having 35 divisions report directly to him. For four years, he had "to stop the leaks," an undertaking that combined morale building with management shakeups. Asked how he spent the evenings and Sundays of these 100-hour work weeks, he spoke of visiting plants and stores throughout the country. "In an emergency," he said, "the commander-in-chief might as well conduct the fighting himself." He went to the field to check the figures, offer advice and boost morale. With losses of $60m in 1974, he thought it particularly important to let employees know the corporation was not in danger of imminent collapse.

The central administration at Rapid-American has always been small. Apart from Riklis, there are only 11 key executives. From the New York headquarters all external matters are handled, from insurance to government regulatory compliance as well as preparing the budgets of the operating divisions. According to Riklis all the divisions have to do "is make money."

The 1974-75 crisis showed just how much of a one-man band a multi-billion dollar public corporation can remain, with Riklis keeping daily tabs on troubled units, and, as they improved, easing up on such close supervision and allowing them to revert to quarterly reporting. Through the crisis, as the chairman's relationship to his troops got closer, his romance with once-supportive stockholders cooled noticeably.

Riklis surrounded himself in controversy when, at a time when overall results were so poor, the sale of International Playtex netted $1m in bonuses to top corporate officers, including $550,000 to himself. With Rapid shares having plunged to $4 a share from their high of over $50 in the late 60s, there were even doubts about Riklis's own financial security. He told the Securities and Exchange Commission he was prepared to sell his art collection to meet personal debts which had been run up in connection with his investments.

Stockholders went as far in the 1975 crisis to sue to reduce Riklis's combined salary bonus and stock options, which together topped $900,000 in fiscal 1976, more than any of the other 265 public company executives surveyed that year by Peat Marwick Mitchell. They achieved a measure of success.

Riklis's relations with stockholders have never been easy. When he is not having the corporation buy in its own shares, he has often been ready to turn shareholders with voting equity into bondholders with a higher rate of fixed income but no say in corporate matters. If this is further evidence of the entrepreneur, betting on his own future and giving his shareholders an option to get out with a profit, the very sophistication of his actions creates some confusion and suspicion.

In a recent manoeuvre Riklis's shares, those of his family and other Rapid officers, amounting to 11m shares and 24 per cent of the corporation, were sold to Kenton Corporation, one of Riklis's early 1970s investments of which the same group owns about 40 per cent.

Late last year, shareholders approved a plan to allow the corporation to offer to swap 2m common shares for preferred shares that could not be redeemed for ten to 25 years or carry a vote at shareholders' meetings. Then earlier this year another major investor in Kenton Corporation, Carl H. Lindner, with shares or rights amounting to 20 per cent of that company, bought 14.9 per cent of Rapid-American. While newspapers assumed that Lindner, a balance-sheet whiz like Riklis, was intending to wrest control of Rapid from Riklis, Riklis himself claimed he had encouraged Lindner's interest.

Rapid has again been profitable for the past four years. Having reported net income of $5.3m for the year ending January 31, 1977, it turned in $13.9m and $47.7m in the subsequent two years. The figure dropped to $44.4m in 1979, but it was "the first time in many years that he had no losing divisions," Riklis noted in the annual report. The further fall to $34.6m in the latest fiscal year was partly put down to the record level of interest rates and the increasing impact of the Last In-First Out (LIFO) stock valuation system.

The all important question of Rapid's debt is a complex matter. Much of the obligations have been transferred from Rapid's books to those of the individual companies. According to Riklis, bank debt has been reduced from a high of $650m in 1974 to $125m in January of this year. "Since 1974-75, we have been trying to get away from the banks" Riklis says. "We owe very little short-term."

Echelons

On long-term borrowings of $550m, the interest is fixed at rates well below prevailing levels.

To keep indebtedness to a minimum, all growth within the divisions is being financed through operating profits.

Rapid-American's latest expansion scheme was to build a casino in Atlantic City, taking it into a new area that Riklis knows for himself to be a worthwhile investment. But at the most recent board meeting, the company directors decided against making such a move at this time of high interest rates.

At the same board meeting, new officers were appointed, reflecting the result of Riklis's expressed concern for the future of higher executive echelons at Rapid. The promotions were intended specifically "to strengthen senior management by elevating younger executives to more responsible positions at both the corporate and divisional levels."

If last weekend's announcement leaves the future of Rapid-American's ownership in a state of considerable uncertainty, there seems little doubt about the financial security of its ultimate shareholders, a five year achievement in which Riklis takes justifiable pride.

THE PROPERTY MARKET BY MICHAEL CASSELL

Kingston planning battle speeds up

IN A move which should astonish a development industry used to being enmeshed in frustrating and expensive planning delays, the Department of the Environment has apparently taken little more than 10 days to conclude that the future of Kingston's Horsefair site must be decided at a public inquiry.

Mr. Michael Heseltine, Environment Secretary, has in recent weeks been soundly admonishing an unsuspecting building and development froternity for what he sees as their readiness to complain but the reluctance to adopt a more positive approach towards solving their own problems.

On each occasion he has spelled out the changes he has instigated to get the planning and development machinery speeded u pand has gone as far as to suggest they should ring him direct and let him know when local bureaucracy gets in the way of progress.

The speed with which his own Department has considered the Kingston case can leave few people in any doubt that the Minister intends to set an example to everyone else involved in the planning process.

On March 3, Kingston council served notic eof its intention to make a compulsory purchase order involving land on the Horsefair site which it did not already own. On March 31, the consortium headed by Dixons Photographic—which has a store on the site and is vying with John Lewis for permission to develop the town centre land—objected to the DOE over the council's move.

The John Lewis scheme, the centrepiece of which would be its own department store, has been favoured by Kingston which in February said it was having detailed discussions wth the retailing group. Last year, John Lewis opted out of a proposed scheme in Sutton, citing the earlier availability of the Kingston site as one of the reasons behind the decision.

But just ten days after the Dixons consortium (which includes Debenhams, Great Universal Stores and Courage Breweries) lodged its objection to the council's CPO, the Department wrote directly to all the parties concerned announcing a public inquiry.

Mr. Brian Bennet, chairman of the Dixons consortium, says he is amazed by the speed of the Ministry's response, which he believes has been formulated since his March 31 objection, "We were advised it could be months before we heard anything and we are absolutely delighted that time is not being wasted. We welcome the calling in of these applications as we do not believe Kingston has given sufficient consideration to all the planning, commercial and community benefits arising out of the site's development."

It remains to be seen how much time now has to elapse before an inquiry gets underway and the findings are known.

Landsit criticised

CRITICS WHO believe that Land Securities has run out of entrepreneurial flair and turned into the "slumbering giant" of the property world are using the case of the company's latest portfolio sale to support their argument.

LSIT has just sold 31, Dover Street, W1 to private clients of John D. Wood for a figure something in excess of the £1.075m at which it was withdrawn from a Healey and Baker auction last December. The 9,200 sq ft building, in need of substantial modernisation, has nine tenants, a rent income of £57,000 a year and almost all the leases are reversionary.

It therefore represents, say the critics, the type of investment which should not be offloaded but one which should be upgraded in order to improve its performance.

A modernisation programme could, some believe, produce rentals of £13 a square foot overall and push up annual income to £125,000 a year or more. An institutional sale price of well over £2m could then be feasible.

LSIT and agents Healey and Baker clearly felt differently and took the view that a property which originally formed part of a much larger Dover Street investment and which ran into planning problems would not perform significantly better even if money was spent on it. The critics say the caution is typical of LSIT but out of touch.

Search is on for £15m

THE SEARCH by the English Industrial Estates Corporation for £15m of private institutional finance to help it build 1,000 small factory units in assisted areas is already well underway.

The 1,000-unit plan was unveiled in Sir Geoffrey Howe's budget speech and the £15m is due to complement the £5m which is being put up by the Department of Industry.

Mr. Anthony Pender, chief executive of the EIEC—which is responsible to the Department and develops state-funded factory estates—says he is confident that finance will be forthcoming from a private sector which has traditionally placed small-scale industrial space well down on its list of investment options.

The scheme represents an important part of Sir Keith's strategy to stimulate growth in the small business sector and will give the institutions a chance to show that they are now prepared to play a more significant role in the provision of small factory units.

With a few notable exceptions, funds have remained reluctant to become heavily committed in nursery developments which can be relatively expensive to put up and usually involve fairly active estate management. In addition, the record of small business failures adds to the uncertainties.

There has been some increase institutional participation in nursery units, though cynics woul dsuggest that at least some of this new-found enthusiasm is little more than a strategic gesture designed to fend off criticism concerning the private sector's alleged failure to help in the process of industrial regeneration.

The need for more, small-scale units was firmly underlined in the informative report prepared jointly by Coopers and Lybrand and Drivers Jonas for the Department of Industry and used by Sir Keith as evidence that a fresh initiative involving the private sector was badly needed.

The report claimed that a shortage of suitable premises had significantly restricted the establishment and expansion of small businesses. According to Sir Keith, planning difficulties and the failure of developers and institutions to tackle the market were both to blame.

At least a few institutions should be exempt from the Minister's ctriicism. Legal and General Assurance, for example, is to finance the construction of 300,000 sq ft of factories and warehouses in an agreement reached—through the EIEC—with the Department of Industry.

Where pension funds and life assurance companies have become involved in small industrial units they have generally looked for higher yields and confined themselves to units of 10,000 sq ft and upwards, though the latest EIEC scheme envisages individual chunks of space as small as 500 sq ft on offer. Maximum size will be 2,500 sq ft (the qualifying ceiling for 100 per cent capital allowances introduced in the Budget) and the Corporation expects to put up a minimum of 20,000 sq ft in any one of the twenty to thirty locations now being considered.

Mr. Plender says that talks with potential funding institutions are now taking place and that "the scent is warm," the interest of potential funding partners no doubt heightened by Budget tax concessions and improved building allowances.

The EIEC cannot, however, enter into any private-sector partnership scheme until the Industry Bill becomes law, which should be in the next month or two. Once the Act is on the Statute Book, then development—including the L and G programme—can begin.

In the meantime, the £5m of Government money already earmarked for the 1,000-unit scheme has enabled the Corporation to go ahead and put a number of the planned developments on the drawing board, ready to be used when private-sector involvement is sanctioned.

The progress and success of the scheme will be closely watched by Sir Keith, who clearly regards it as the testing ground for a concept which sees much wider private-sector involvement in an area where, until now, it has been reluctant to tread. Results here could lead to an initiative based not only on assisted areas.

Enfield scheme signed

NORWICH UNION'S role as one of the country's largest developers took another big step forward this week with the announcement that, along with Legal and General Assurance (Pensions Management) it is to develop the six-acre Palace Gardens site at Enfield, north London.

The £20m scheme was finalised with Enfield council on Wednesday and it is planned to build 230,000 sq ft of shops on the site, comprising four large stores and 37 shop units, together with a multi-storey car park. Building work is due to start in mid-year and completion is expected by the end of 1982. Norwich are development managers and funding is being shared with L and G.

Norwich Union has also announced that, after being under contract to purchase since July, 1977, it has now acquired the freehold of Windsor House, the 18-storey tower in Victoria Street, London WI, for a sum in excess of £28m. Vendors of the 110,000 sq ft building are United Kingdom Provident Institution and the tenants include British American Tobacco and American Express.

● City Investments has been appointed developer for the town centre of Merthyr Tydfil following the withdrawal of Tesco, the other short-listed contender. The scheme will cost about £10m and involves the relocation of the town's bus station which was built only ten years ago.

The first phase involves 200,000 sq ft of retail floor space around an enclosed mall adjoining the existing shopping complex. Tesco will still have a store in the new complex, work on which is due to start later this year. Completion is phased between 1982 and 1984. Bacchus Gathercole acted for City Investments and will be project managers.

● The last available space in Law Land's 150,000 sq ft Tricorn House, Edgbaston, has been let at rents of around £3 a sq ft. Two floors of 15,000 sq ft each have been taken by a subsidiary of Massey Ferguson and by insurance group Bland Payne. Associated Independent Stores has taken 32,000 sq ft in Tricorn House. Letting agents were Alexander Stevens and Elliott Son and Boyton.

The Edgbaston office market has steadily improved over the past 12 months as serious office accommodation shortages have begun to emerge in central Birmingham. Edgbaston rents have continued to move upwards and interest in Tricorn House, which initially had been slow to let have improved over the past year.

● Dimsdale Developments (South East) have pre-let their 28,350 sq ft industrial scheme at Southwark Bridge Road, London, S.E.1, two months ahead of completion and sold the created investment to Unilever Pension Fund for more than £900,000.

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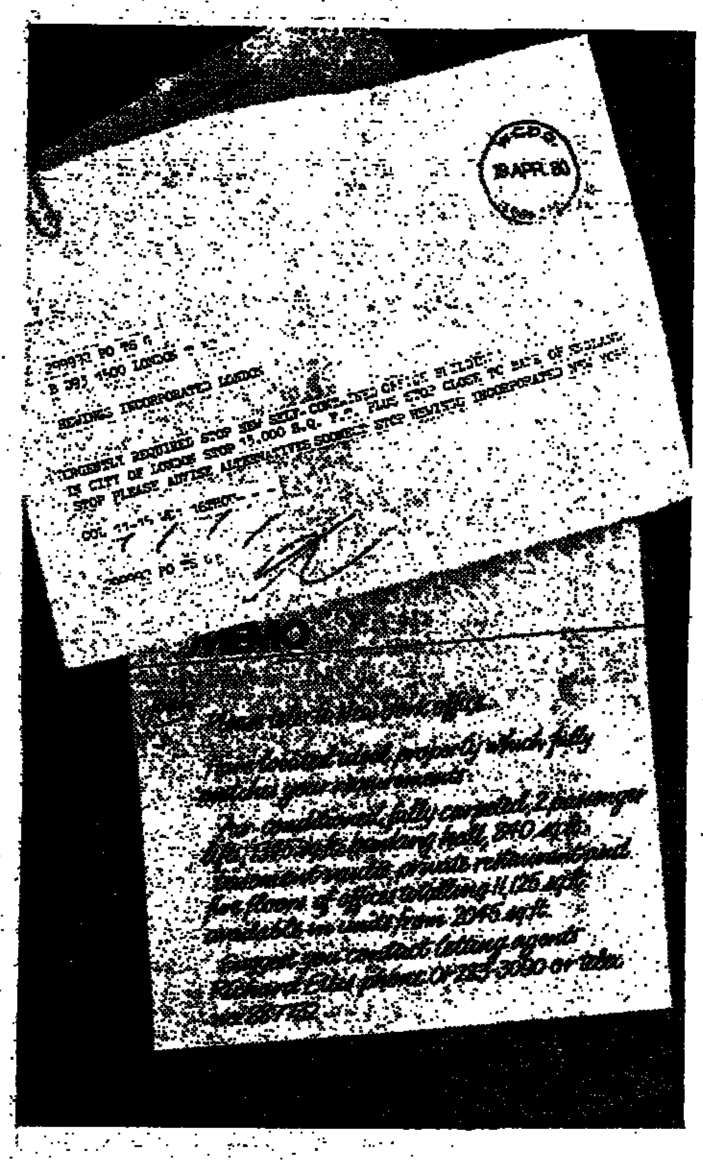

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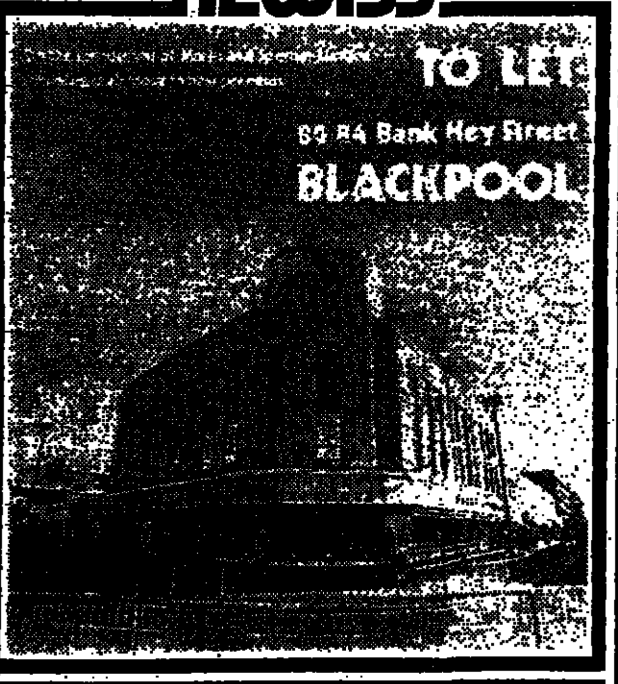

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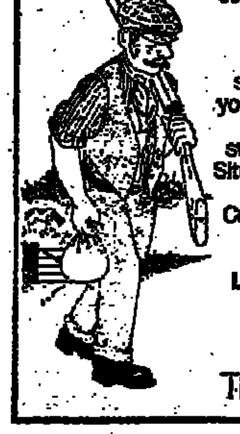

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APPOINTMENTS WANTED

APPOINTMENTS

Senior changes on Boards of IC Gas and CompAir

Sir William Mather and Mr. A. F. Masters, respectively chairman and chief executive of COMPAIR, have jointed the Board of IC GAS. Mr. H. J. Bragg, managing director of the Calor Group, also become a director of IC Gas. Mr. D. H. de Trafford, a deputy chairman of IC Gas, Mr. P. V. Colebrook and Mr. T. M. O'Rorke, both managing directors of ICG as, join the Board of CompAir. The changes follow the successful offer by IC Gas for the share capital of CompAir.

★

Mr. J. D. Cormie, finance director of Reed International, has been appointed a non-executive director of LAPORTE INDUSTRIES (HOLDINGS).

★

Mr. Edward Janu, having reached retirement age, has resigned as managing director of PACOL but continues as a consultant. Mr. K. H. Schick, Mr. C. W. Sharpner and Mr. C. H. Stapleton have been appointed managing directors. Mr. H. Bennett, Mr. K. C. Jennings, Mr. J. J. W. Turski and Mr. K. R. Walker have become directors. The company is a member of the Gill and Duffus Group.

★

Mr. David Pritchard-Barrett will be joining the Board of WHITBREAD AND CO. in London from June 1. He will become finance director when Mr. Andrew McQuillan retires next year. For the past ten years Mr. Pritchard-Barrett has been deputy chairman and managing director of Greenall Whitley.

★

Mr. Robin J. Lipscombe has been appointed managing director of the VARNAMO RUBBER COMPANY (UK), a subsidiary of AB Varnamo Gummifabrik, Sweden.

★

Mr. Marton Kaindl (Kronospan) has been elected to the Council of the UNITED KINGDOM PARTICLEBOARD ASSOCIATION.

★

Mr. Roy J. Collins has been appointed managing director of R. P. SCHERER, and Mr. Stuart R. Maconochie has become marketing director. Mr. Barrie Webb, chairman and chief executive of the company, has been made a senior executive with R. P. Scherer (Pty). The parent concern is the P. R. Scherer Corporation of Detroit, U.S.

★

Mr. C. A. A. Kraushar has been appointed managing director of GASKELL AND CHAMBERS, which is part of MKR Holdings, a subsidiary of Charter Consolidated.

★

Mr. Richard Berkshire has joined the ALLOY AND METAL GROUP as financial director succeeding Mr. Harry Gilbert, who has left the company for personal business interests.

★

Dr. Arthur M. Sage has been appointed Vanadium market development director of HIGHVELD STEEL AND VANADIUM CORPORATION, a member of the Anglo American Corporation of South African Group.

★

Mr. Michael Bessey has been made chairman of the ENGLISH BUTEER MARKETING COMPANY. He retains his position as director of product marketing at the Milk Marketing Board.

★

Mr. Elfion Phillips has joined the Board of HALFORDS as branch director.

★

Mr. Michael B. Edwards has joined the COMPAIR GROUP as director of organisation development. He was previously with Jaguar Rover Triumph.

★

Mr. David C. Davies has been appointed a director of HENRY SYKES.

★

Correction

Mr. John Barber has been appointed deputy chairman, and Mr. Anthony Good continues as chairman of COX AND KINGS (HOLDINGS) on their acquisition of the company from Grindlays Bank.

In reporting the appointments yesterday it was incorrectly stated that Cox and Kings (Holdings) had been acquired by Grindlays Bank.

FOOD PRICE MOVEMENTS

	March 17 £	Week ago £	Month ago £
BACON†			
Danish A.1 per ton ...	1,230	1,230	1,230
British A.1 per ton ...	1,180	1,180	1,180
Ulster A.1 per ton......	1,180	1,180	1,180
BUTTER†			
NZ per 10 kg	—	15.50/15.63	14.80/14.97
English per 10 kg	19.07	—	—
Danish salted per 10 kg	19.43	19.43	19.18
CHEESE‡			
English cheddar	—	—	—
Irish cheddar	—	—	1,455
Danish cheddar	1,465	1,465	1,450
EGGS*			
Home produced:			
Size 4	4.40/4.60	—	4.60/4.70
Size 2	5.00/5.40	—	5.00/5.20
	March 17	**Week ago**	**Month ago**
BEEF			
Scottish killed sides ex-KKCF	69.0/74.0	68.0/72.0	65.0/69.0
Eire forequarters	48.0/50.0	48.0/51.0	48.0/50.0
LAMB			
English	—	84.0/96.0	64.0/72.0
NZ PLs/PMs	58.0/60.5	57.0/58.0	52.0/51.5
PORK			
All weights	38.0/49.5	38.0/49.0	38.0/49.0
POULTRY			
Oven-ready chickens...	39.5/48.0	39.5/45.0	39.0/48.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks delivered, per tonne.

LOMBARD

Taxes, cuts and freedoms

BY ANATOLE KALETSKY

"FREEDOM of choice" is a favourite slogan among Conservative politicians in Britain. Having committed itself to a crusade against public spending, allegedly in order to free resources for "more productive" use in the private sector, the Government has found that most of the public services are much too important, and much too popular, to be done away with, or even cut back severely. As the possibility of redirecting huge resources to the private sector, by eliminating wasteful, unnecessary and intrusive government activities, has faded, another inspiration for the attack on public spending has become more prominent: "freedom of choice."

Preferences

The "Free to Choose" doctrine maintains that, even if most government services are intrinsically desirable, the fact that they are run by the government and financed by taxes curtails personal freedom. For taxes channel the citizen's earnings into avenues selected by politicians and bureaucrats, rather than by his own personal preferences. If, on the other hand, public services are cut, and taxes are returned to taxpayers, the market system can ensure that citizens continue to be provided with the services they really want, thereby enhancing freedom.

For some reason, the British public does not appear to have been convinced by these arguments. An opinion poll broadcast on Budget Day by Capital Radio found, for example, that 60 per cent of Londoners favoured higher taxes, compared with 21 per cent who wanted cuts in public spending, if the Chancellor needed to do something to raise more money.

Fortunately, there is no reason to conclude from findings like these, which have been confirmed in other opinion polls, that years of creeping socialism have destroyed the British people's love of freedom. For there is far more rhetoric than logic in the link between public finance and freedom, even of the limited kind expressed through consumer choices.

Most economic observers now agree that many of the Government's planned expenditure cuts are, in the words of stockbrokers W. Greenwell, "not cuts at all, but follow from increased charges and prices." "Cuts" achieved by raising prescription charges, gas prices or council rents are "in the short run similar to increases in direct taxation." This is obviously true in the sense that both charges and taxes channel resources into the public sector. But it is also true in a more significant sense, connected with "freedom of choice."

Most public sector charges are levied in areas where consumers, by the nature of things, can exercise very little real economic choice. In economic jargon, demand for most public sector goods is highly inelastic. Health is so important that any reasonable level of prescription charges is unlikely to affect significantly people's decisions about buying medicine. Few council tenants have any choice about whether to pay higher rent o rto move to cheaper accommodation.

Fallacies

There are, however, two fallacies even in this line of argument. Firstly, altering relative prices in order to encourage people to change their lifestyles smacks of coercion, rather than liberation. In the case of energy pricing, the point of charging what the Government refers to as "economic prices" (which are in fact monopoly rents) is not to increase freedom, but to improve the allocation of resources.

More importantly, under the pattern of charges and tax reliefs the Government has chosen, the people paying higher charges will not, in general, be the ones who benefit most from tax cuts. To council tenants it will be very obvious that one man's charge is *another* man's tax cut. Far from being a mere statistical chimera, as many of its critics have suggested, the Government's public spending policy will achieve a large redistribution of disposable incomes. In this sense it will enhance a freedom that the Government values—not the Freedom of Choice, but the "Freedom to be Unequal."

New life in Old Town

BY JOHN GRIFFITHS

AROUND BRITAIN

HULL

HULL TOOK an almighty pasting during the war. Only 5 per cent of its housing was not demolished or damaged in some way. In the Old Town—once walled and whose burghers in refusing Charles I entry, themselves blew the whistle for the Civil War—what the bombs didn't destroy post-war change came close to accomplishing.

As shipping grew more important so port activities edged further down the Humber estuary. More recently, the much publicised demise of the fishing fleet has tolled what appears to be the final knell for much of the area's best known activities.

Even two years ago, that part of the 620 acres of the Old Town bordering the estuary bore some resemblance to Belfast on a bad day. Today, it is largely a building—or rather a rebuilding—site.

To suggest that Hull is moving towards being a tourism and leisure attraction in its own right, rather than acting as a funnel for Continental visitors passing through to the better known attractions of the Yorkshire hinterland, no longer requires the suspension of disbelief that would have been automatic in the mid-1970s. For Hull City Council is now capitalising on the Old Town's unusual assortment of assets.

These assets comprise mainly three now disused docks—Railway, Humber and Princes—the last of which has its waters lapping almost at the foot of City Hall in the very heart of "modern" Hull—and a host of 18th and 19th century disused warehouses and related buildings. Some £16m worth of work is completed, under way or about to start in the area. Conceived and closely controlled by the City Council, the programme is being carried out at a cost to ratepayers amounting to little more than the administrative time of the officers involved.

Within two or three years, the Old Town is expected to house a new population of about 800. Until recently, the shopping and commercial areas of the Old Town closest to the City Centre thrived in daylight only; like the rest of Old Town it became a mausoleum at the end of the working day. Now the discobeat of the Waterfront Club echoes across Princes Dock and in the surrounding area rebuilt houses are filling up.

The Waterfront, on Princes Dockside illustrates the type of conversion that is taking place; the wartehousing once carried on within its 19th century, multi-storeyed shell has been replaced by catering. It now contains a 19-room hotel with a top-storey restaurant where the diner climbing towards it will be rewarded by a fine view down on the distant Humber Bridge. Plus, of course, the disco.

A few yards away the North British Housing Association is moving close to finishing a flats scheme which will provide homes for 90 people by this summer. National house builders Barratt Developments' refurbishment to provide Town houses, flats and maisonettes is also nearing completion and is sold out. Such projects are taking place all over Old Town.

In two or three weeks' time, work will start on clearing the silt of ages from Humber and Railway Docks, the first phase of developing a £6m marina for 400 craft with surrounding shops, services and housing.

This first phase is being funded by the Department of the Environment. As with all other projects in the area, with the exception of a new £8m courts complex the money is coming from private enterprise.

The City Council iteslf has no spare cash for any of the schemes. But it does own some 300 of the 500 individual properties which make up Old Town, and its policy has been to encourage private business and housing associations to undertake the developments, providing long leases in return. The initial scepticism has turned to enthusiasm, as is bourne out by the £10m worth of private investment in projects other than the marina.

The City Council has yet to find a commercial operator to carry the initial marina project onwards. "But the scheme has acted as a catalyst for the city attracting many and varied developers," said City Council leader, Mr. Pat Doyle. "So many people are now beginning to show an interest in this area of Hull that it will be more a case of choosing the right operator rather than looking hard for one."

There is still a long way to go, but cumulatively the projects are changing the face of a Hull which is in any case by no means all sombre. In the "modern" city itself—modern being a relative term when its Old Town origins are mediaeval—cluster quantities of substantial 18th and 19th century architecture and Queen's Gardens stretching for nearly a quarter of a mile through the city's heart bear no traces of the fact that they now cover Hull's earliest redundant dock.

For all that, plus the cluster of surviving historic residencies in Old Town, Hull's attractions have never justified what might truly be called a tourist trade. It has earned about £200,000 a year, from shopping trippers from the Zeebrugge and its twin city of Rotterdam, and, in the past few years it has been picking up conference business worth a similar amount.

There are hopes that the Old Town redevelopment will change this; certainly two major sites are being set aside for hotels and conference bookings last year, at 110 were 30 more than in 1978.

Perceived as being at least as important however, is a change of image for the city. Hull remains a development area, with a continuing need to draw in new industry to reduce its historically high unemployment levels. With its motorway access network now in place, and the Humber Bridge moving nearer completion, Hull city officials feel that its communications problems are over. But there have also been problems in convincing potential business newcomers that Hull possesses a reasonable quality of life, and that they hope to change.

"What we've got to bridge," said one official wryly, "is not the Humber but the credibility gap."

Mrs. Penny is likely favourite

RACING

BY DOMINIC WIGAN

AS THE Flat season gets into full stride, racing book enthusiasts could do worse than consider two recently published works, *Horse Racing 1980* and *Trainers Record, Flat Edition 1980*.

The latter will be of particular interest to the discerning backer. It produces unique details of every trainer's winners and runners at every course in 1979, in addition to an invaluable table of the top 10 trainers at each track

On the jockeys side, statistics show the ratio of winners from each jockey's rides for a given trainer in 1979. For example, in the last five seasons Lester Piggott has ridden 20 winners from 77 mounts for Harry Wragg. Only three days ago Piggott was riding just one Wragg runner a tNewmarket, the 12-1 winner, Loralane.

Trainers Record is edited by Peter Jones and available at £8 from Trainers Record, Melplash Farmhouse, Melplash, Bridport, Dorset DT6 3UH.

Horse Racing 1980 is another statistically based work, but also has feature articles. Cloude Duval's "The man behind Troy," a piece on Sir Arnold Weinstock, will be fascinating reading for many.

Another article which seems sure to be of interest is "Steve Cauthen—An Assessment" by Robin Gray.

Horse Racing 1980, edited by Christopher Poole, is published in association with William Hill. It sells at £5.95.

At newbury this afternoon, further light could be shed on the 1,000 guineas for several fillies which took high ranking in the two-year-old Free handicap clash in that usually misleading trial, the Fred Darling Stakes.

Likely favourite is Miss Penny, which showed the utmost gameness in pegging back Millingdale Lillie in the William Hill Cheveley Park Stakes. Although I shall be more than surprised if Mrs. Penny does not find one or two too good for her, Ian Balding, her trainer, has his team in top trim.

NEWBURY

2.00—Hit Record
2.30—Sentry Duty**
3.30—Mrs. Penny
4.30—Castle Keep

THIRSK

2.15—Betty's Secret
2.45—North***
4.15—Lawtons Meadow
4.45—Farewell Parade*
5.15—Song Sung Blue

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 12.45 pm News. 1.00 Rebble Mill at One. 1.45 Camberwick Green. 3.20 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Photo Me. 4.25 Baggy Pants and the Nitwits. 4.50 Blue Peter Special Assignment. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Young musician of the year.
7.30 Young Maverick.
8.20 Butterflies.
8.50 Points of View.
9.00 News.
9.25 The Eddie Capra Mysteries.
10.15 The Fall and Rise of Reginald Perrin (London and South East only).
10.45 Regional, National News.
10.50 Late Film: "The Legend Of Lizzie Borden."

All Regions as BBC-1 except as follows:

Cymru / Wales — 1.45-2.00 pm Bys a Bawd. 4.50-5.10 Tren Schrech. 5.10-5.40 God's Wonderful Railway. 5.55 Wales Today. 6.20-6.55 Heddiw. 7.30 Pobol y Cwm. 8.00 Potter. 8.30-9.00 Butterflies. 10.15 Music Makers. 11.05 News for Wales. 11.06-12.39 am The Late Film: "The Last Day."

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 Living Legends. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The Jazz Club. 10.45-10.50 Regional and National News. 12.30 News for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Weekend; Midlands (Birmingham) The Garden Game; North (Leeds) Let The People Talk; North East (Newcastle) Coast to Coast; North West (Manchester) Voices from the Past?; South (Southampton) The Wind in the Oak; South West (Plymouth) Spoonful of Cornwall; West (Bristol) The Caring Business.

BBC 2

6.40, 7.05 and 7.30-7.55 am Open University.
11.00 Play School.
4.45 pm Open University.
6.55 Gardeners' World.
7.20 Mid-Evening News.
7.30 Macleod's America.
7.50 Five to One.
8.20 Vikings!
8.50 Potblack 80.
9.50 Playhouse.
10.45 Newsnight.
†11.30 The Outer Limits.
12.20 am Closedown reading.

LONDON

9.30 am Animated Classic. 10.15 Canada—Five Portraits. 11.05 The Love Boat. 11.55 The Bubblies. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Moneywise. 1.00 FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 Friday Matinee: "The Desert Hawk." 4.15 The Boy Merlin. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Play Your Cards Right.
7.30 The Canno and Ball Show.
8.00 Hawaii Five-O.
9.00 The Gentle Touch.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.45 Luke's Kingdom.
12.45 am Close: Robert Rietty with readings for Passover.

All IBA Regions as London, except at the following times:

ANGLIA

9.25 am Halas and Batchelor Cartoon. 9.35 Hayes over Japan. 10.25 Operation Hand Flint. 11.05 Alright Now. 11.30 Strangers on the Shore. 1.25 pm Anglia News. 2.45 Houseparty. 3.15 Fireside Theatre. 5.15 The Practice. 6.00 About Anglia. 10.30 7 Days. 11.00 Friday Late Film: "Any Second Now." 12.45 am Your Music at Night.

ATV

9.30 am Pas de Deux. 9.50 Jewellery Through 7,000 Years. 10.15 Devices and Desires. 11.10 Survival Special. 1.20 pm ATV Newsdesk. 2.45 Movie Premiere: "A Brand New Life." 4.05 No Apple for Johnny. 5.15 Happy Days. 6.00 ATV Today. 11.00 ATV Newsdesk. 11.05 The James Stewart Star Movie: "Dynamite Man from Glory Jail."

BORDER

9.25 am Sesame Street. 10.25 Operation Hand Flint. 11.05 Alright Now. 11.30 Stranger on the Shore. 1.20 pm Border News. 2.45 Houseparty. 3.15 The Love Boat. 5.15 Fangface. 6.00 Lookaround Friday. 6.30 Thingummyjig. 8.00 The Incredible Hulk. 10.30 The Final Whistle. 11.00 Friday Night Movie: "The Black Torment." 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 2.45 The Friday Matinee: "Crossfire." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 Alright Now. 8.00 Vegas. 10.28 Channel Late News. 10.36 One Man's Music. 10.55 TV Movie Premiere: "The Borgia Stick." 12.35 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Cartoon Time. 9.40 Search for the Persian Royal Road. 10.25 Operation Hand Flint. 11.05 Alright Now. 11.30 Strangers on the Shore. 1.20 pm North News. †2.45 Friday Matinee: "The Chiltern Hundreds." 5.15 Emmerdale Farm. 6.00 North Tonight and Area Weather Forecast. 6.35 Sportscall. 8.00 BJ and the Bear. 10.30 Reflections. 10.35 The Late Night Horror Show: "Frankenstein and the Monster from Hell." 12.30 am North Headlines.

GRANADA

9.30 am Sesame Street. 10.25 Clue Club. 10.45 Chopper Squad. 11.35 Untamed Frontier. 1.20 pm Granada Reports. 2.00 Live from Two. †2.45 Friday Matinee: "Wake Island." 5.15 Granada Reports. 6.00 Granada Reports. 6.30 This Is Your Right. 8.00 Vegas. 10.30 Kick Off. 11.00 Soap. 11.25 House of Horrors: "Circus of Horrors."

HTV

9.40 am Bailey's Bird. 10.05 Wild, Wild World of Animals. 10.25 Operation Hand Flint. 11.05 Alright Now! 11.30 Strangers on the Shore. 1.20 pm Report West Headlines. 2.45 The Friday Matinee: "Just for Fun." 5.15 A Sharp Intake of Breath. 6.00 Report West. 6.30 Emmerdale Farm. 8.00 A Man Called Sloane. 10.35 Report Extra. 11.05 The Friday Film: "The Curse of the Crimson Altar."

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55 am-12.10 pm Mistar Clai. 1.30 Penawdau Newyddion Y Dydd. 1.20-1.30 Report Wales Headlines. 4.15-4.45 Antur A Champ. 5.15-5.45 Noah's Castle. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 Agenda. 11.35-12.30 am Vegas.

SCOTTISH

9.30 am At Your Fingertips. 10.25 Operation Hand Flint. 11.05 Alright Now. 11.30 The Secret Pony. 1.20 pm News Headlines and Road and Weather Report. 2.45 Friday Matinee: "Dead Man on the Run." 5.15 Mork and Mindy. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.00 Streets of San Francisco. 10.30 Ways and Means. 11.00 Late Call. 11.05 Late Night Movie: "Ritual of Evil."

SOUTHERN

9.30 am Night Call. 9.55 Rush. 10.45 Magoo Cartoon. 10.55 Sword of Peace. 11.05 Alright Now. 11.30 Strangers on the Shore. 1.20 pm Southern News. 2.45 Houseparty. 3.15 Fantasy Island. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 8.00 Streets of San Francisco. 10.30 Southern News Extra. 10.35 Southern Report. 11.05 Soap. 11.35 The Late, Late Show: "Blushing Charlie."

TYNE TEES

9.20 am The Good Word followed by North East News. 9.30 Mystery Island. 9.45 Flower Stories. 10.00 Last of the Wild. 10.25 Operation Hand Flint. 11.05 Stars on Ice. 11.30 Strangers on the Shore. 1.20 pm North East News and Lookaround. †2.45 Friday Film Matinee: "Snowbound." 5.15 Happy Days. 6.00 Sportstime. 6.30 Northern Life. 8.00 The Incredible Hulk. 10.30 Friday Live. 12.05 am WRKP in Cincinnati. 12.35 Epilogue.

ULSTER

10.15 am Sean the Leprechan. 10.25 11.30 Strangers on the Shore. 1.20 pm Lunchtime. 2.45 Friday Matinee: "You're Only Young Twice." 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Good Evening Ulster. 8.00 Vegas. 10.29 Ulster Weather. 10.30 Sportscast. 11.00 Witness. 11.05 Friday Film: "The Mask of Alexander Cross." 12.25 am Bedtime.

WESTWARD

9.30 am Sesamo Street. 10.25 Operation Handflint. 11.30 Strangers on the Shore. 1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "Crossfire." 4.12 Gus Honeybun's Birthdays. 5.15 Emmerdale Farm. 6.00 Westward Diary. 8.00 Vegas. 10.32 Westward Late News. 10.36 Sportsline. 10.55 TV Movie Premiere: "The Borgia Stick." 12.35 am Faith for Life. 12.40 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am Animated Classics. 10.20 The Lost Islands. 10.45 Friends of Man. 11.10 Chopper Squad. 11.55 The Animates. 1.20 pm Calendar News. †2.45 Friday Film Matinee: "Eyewitness." 5.15 pm Take My Wife. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 8.00 The Incredible Hulk. 11.00 The Friday Night Film: "Night of the Big Heat."

RADIO 1

(s) Stereophonic broadcast.
‡ Medium wave.

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (s). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (s). 7.32 Terry Wogan in the Hague(s), including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.3 Jimmy Young (s). 12.03 pm David Hamilton (s). 2.03 Ed Stewart's Request Show (s) including Horse Racing from Newbury. 4.03 Much More Music (s). 5.05 Waggoners' Walk. 5.20 Much More Music (s). 6.03 John Dunn (s). 8.02 Sequence Time at the Radio 2 Ballroom (s). 8.45 Friday Night is Music Night (s). 9.55 Sports Desk. 10.02 Marks in his Diary. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02 am-5.00 You and the Night and the Music (s).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This Week's Composer: Ravel (s). 10.00 BBC Northern Ireland Orchestra (s). 10.45 Young Artists Recital (s). 11.40 Britten: Suite No. 3 for cello (s). 12.05 pm BBC Northern Symphony Orchestra: Part 1 (s). 1.00 News. 1.05 Concert: Part 2 (s). 2.00 Gloucester Cathedral (s). 3.00 Violin and Harpsichord recital: Part 1 (s). 3.30 Interval Reading. 3.35 Recital: Part 2. 4.10 Music from Japan (s). 4.55 News. 5.00 Mainly for Pleasure (s) (‡ and mono only from 6.20). 6.55 Play It Again. 7.00 Ugo Foscolo: The Poet in Exile (reading). 7.30 Pierre Fournier cello recital (s). 8.00 Ida Haendel, Simon Rattle and the Philharmonia: Part 1 (s). 8.40 Doctors, Patients and Responsibility. 9.00 Philharmonia Orchestra: Part 2 (s). 10.25 Benjamin Britten: The Early Years (s). 11.25 The English Ayre (s). 11.55-12.00 News.

VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Down the Garden Path. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Morning Service. 10.45 Story Time. 11.00 News. 11.05 Bee Magic. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (s). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (s). 4.10 The Queen and the Kaiser by Neville Teller. 4.40 Preview. 4.45 Short Story. 5.00 PM, News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (s). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (s). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament 11.45 John Ebdon with the BBC Sound Archives. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 John Toogood's Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

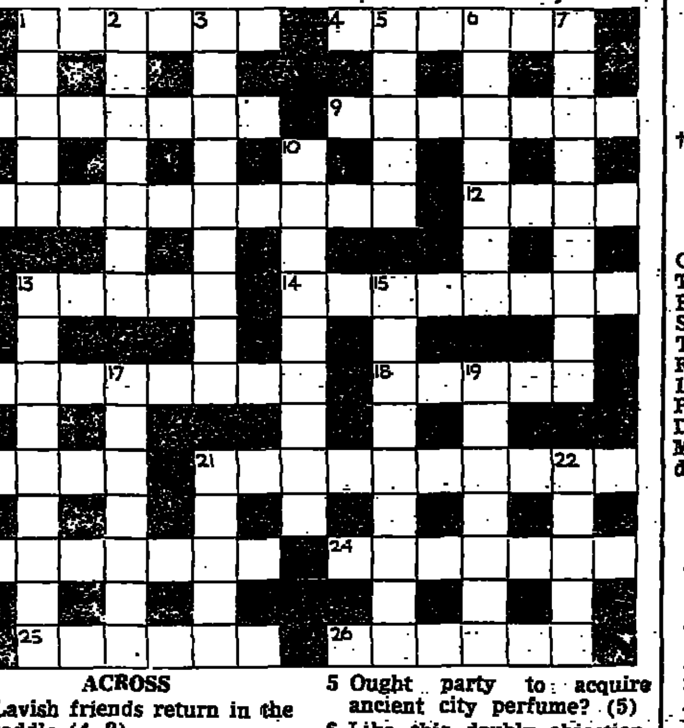
London Broadcasting

6.00 AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (s). 9.00 Michael Aspel (s). 12.00 Dave Cash (s). 1.00 pm London Today Special Report (s). 1.10 Dave Cash continued . . . 3.00 Roger Scott (s). 7.00 London Today (s). 7.30 Parry Pieces (s). 7.45 Tod Sloan—"Tow to Save Your City" (s). 9.00 Nicky Horne's "Mummy's Weekly" (s). 11.00 Mike Allen's Late Show (s). 2.00 am John Sachs's Night Flight (s).

F.T. CROSSWORD PUZZLE No. 4,253



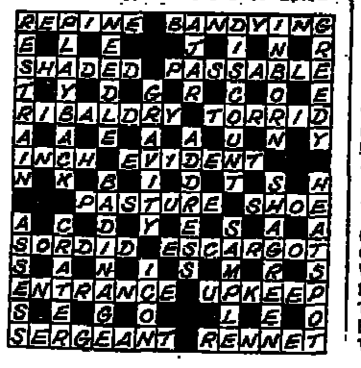
ACROSS

1 Lavish friends return in the saddle (4, 2)
4 Cat hunting round for doctor employer (6)
8 Organ account leads to male complaint (7)
9 Church in foreign capital embroidered story (7)
11 Rail worker at home on track or in dining car (10)
12 Depart with Turk's Head food (4)
13 Trainee sounds like a little bounder (5)
14 Credit left idle (4, 4)
16 Make loafer in riot reel about (8)
18 Police district with which lord was landed (5)
20 Pour out properly (4)
21 Current description of December 25 (7, 3)
23 Amusing company on motorway to American state (7)
24 Conservative infallible guide to ancient craft (7)
25 Firm Cockney layer in fix (6)
26 Material before end of day comes close (6)

DOWN

1 Dramatist left wrap (5)
2 Tape dad somehow made suitable (7)
3 Furnish dearer gun carriage (9)
5 Ought party to acquire ancient city perfume? (5)
6 Like this doubly objectionable person (2-3-2)
7 Noise always associated with swindler (9)
10 Main resting place for natives (6, 3)
13 Disgusted getting away: but got rid of (6, 3)
15 Intent (6, 3)
17 Gossip that is settled for a start on sound cinema (7)
19 Fan loth to change? You bet (3, 4)
21 Talk idly during piano class (5)
22 Reduce by 100% certainly (5)

Solution to Puzzle No. 4,252



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THE ARTS

Cinema

Self-discovery in a Russian maze

by NIGEL ANDREWS

Mirror (U) Camden Plaza
Rocky II (A) London Pavilion
Boardwalk (AA) Classic Chelsea

Some films are catapulted to celebrity more by not being seen than by being seen. Andrei Tarkovsky's *Mirror* has been a long - running cause *célèbre*: long - running *cause célèbre*: shuttled embarrassedly around the Soviet Union since 1974, grimly withheld from international film festivals, and apart from a recent run in Paris, scarcely seen anywhere outside the USSR until its arrival in London this week.

Tarkovsky, who made *Andrei Roublev* and *Solaris*, is the one Russian director of undisputed, culture-leaping originality still working — fitfully — within the Soviet system. (His equally gifted colleague Sergei Paradjanov spends most of his time now in Soviet prisons.) The system makes it pretty difficult for Tarkovsky, nonetheless, having banned his monumental 1966 film *Andrei Roublev* from public screens until 1969 and having only lately allowed *Mirror* to scuttle into Western Europe five years after it was made. Within Russia the film has been confined to so-called "3rd-category" treatment: i.e. deemed so ill-achieved and/or incomprehensible that release is limited to third-class cinemas and workers' clubs.

Incomprehensible *Mirror* may, in opaque patches, be. Ill-achieved it hardly is. It's an autobiographical hall of mirrors, portraying Tarkovsky's own life through the reflecting and refracting glass of memory. The images are so ingeniously juggled and shuffled that the same actor can play more than one part (Margarita Terekhova doubles as Tarkovsky's mother when young an dhis wife) and the same part can be played by two actresses (Tarkovsky's real-life mother plays his movie mother when *old*). Further to flummox you, the film switchbacks freely between colour and monochrome, past and present, fantasy and reality until you're hanging on to your hat and your brain is feverishly trying to decode the turmoil.

Yet there are some films it's a delight to be lost in, and *Mirror* is one. It leads the audience like a shimmer-shanked Jack O'Lantern through the woods and marshes of memory. Like his hallucinogenic space-station in *Solaris*, Tarkovsky's time - vaulting Russia is a place where the young see visions and the old dream dreams: a country seen through an image-bending crystal ball with vistas into the past as well as the future.

Tarkovsky has said of *Mirror*: "The film is a confession. We have a debt to those who gave us life nad love: we must tell them of our love." Scene after scene, accordingly, and picture after picture leap out like a luminous pang of loving recall.

There is the first glimpse we have of the mother; sitting wistful and hair-blown on the frail fence bounding her country *dacha*. (The camera approacnes her with a deliciously queasy motion, a zoom-out-plus-track-forward whose attraction-repulsion magic—emblem of the film's whole view of the past—is duplicated in the closing shot which backs away through the trees, with intermittent tugs forward, as the silhouettes of Tarkossky's family flicker across a distant field.) There is the stunning visual delirium of a fantasy scene in which the ceiling of the country home, liquefying memory, rains down a slow-motion hail of languorously wet plaster. And there is the sonorous lyricism of the love-poems read out over the soundtrack by Tarkovsky's own poet father.

For all its Proustian echoes *Mirror* never quite succumbs to the sweet seduction of nostalgia. The realities of Stalinist Russia—the era of his parent's youth—are conjured up in the monochrme terror of a sequence where the mother, a printing worker, frets to find and correct a misprint in a political pamphlet that could have bounced her and her colleagues off to Siberia. And scything bleakly through the film at intervals are sudden thrusts of black-and-white news footage—of wars, rallies, scenes of deprivation—that remind us of the public dramas that fronted the private dreams.

You may —probably will— lose your bearings in *Mirror* on a first viewing. But don't be deterred. Just open your eyes to Tarkovsky's images, your mind to his mazy, spell-casting storytelling, and your heart to a film that captures all the two-edged, beckon-and-repel fascination of the past.

•

The miracle of celluloid cloning continues to astound as one successful move after another spawns, with a plop and a thud and a nascent wail of box-office eagerness, its respective sequel.

Now—*Rocky II*. The follow-on from yesteryear's fairy-tale of the ring picks up our pug-ugly pugilist from Philadelphia at the point where he and we left off. You recall Rocky Balboa's much-feted boxing bout with heavyweight champion Apollo Creed in the Mark I version? Fear not if you don't, for it is

Margarita Terekhova in Mirror

resuméd for you at the beginning of this film, and thereafter cinematic lightning strikes twice by the forkful. Not only does *Rocky II* retread virtually the same story as No. 1—romance with mousy Talia Shire (culminating here in marriage), tiffs with coach Burgess Meredith, a re-match with Carl Weathers as champion Creed—but it does so with not-a-whit-diminished charm.

Stallone is in grandly gormless and attractive form, whether chasing a chicken round a yard egged on by trainer Meredith (to quicken his heels and reflexes) or peering benignly into the goldfish bowl, after returning home from a hard day's workout, to mutter "How you doin' in there? Anybody move today?"

The magic of the character Stallone has created—and for this instalment he not only stars but wrote the script and directed—lies in its cartoon populism. The Neanderthal prole from the East Coast slums earns fame-and-fortune by pushing a slender natural talent so balloon-big that one waits with baited breath hoping it won't burst. Physically, if Stallone's Rocky didn't exist, a cartoonist would have had to invent him: from the springy-lumbering walk, like a polar bear who's had one too many, to the heavy-cold vocals, to the quaintly inverted slang (dogs are "canines," girls are "females"), to the fidgety-armed punches with which he constantly pummels the air in imaginary boxing matches. There's no need to sneer at sequel-mania when it produces resilient and addictive movie heroes like this. *Rocky III*, you'll be unsurprised to learn, is already in the pipeline.

★

Stephen Verona's *Boardwalk* has a sprawling sentimental plot going against it and Ruth Gordon and Lee Strasberg going for it. Which of them wins out after a two-hour tussle I shall leave for you to decide: but it's a close refereeing decision.

Gordon and Strasberg play a pair of Brooklyn-Jewish oldsters wondering how long they can go on dwelling in a once-handsome suburb made ever less desirable by the maraudings of juvenile delinquents and the patter of departing friends. Strasberg runs a cafeteria where the free flow of bagels is no compensation for the frequent shattering of windows, and Miss Gordon runs around with cheerful dementia trying to stick the family together like a pixie with a gluepot. The generations rally intermittently—daughter Janet Leigh, grandson Michael Ayr—but when Gordon learns she has cancer and dies of it, the consanguineous house of cards falls delicately apart around her. There remains Mr. Strasberg: and after the black-clad and bouncily choreographed gang of local thugs, no respecters of widowerhood, have broken and entered and smashed up his house, he goes out to find the leader and do what a man's gotta do.

This sprawling soap-opera dips in and out of melodrama and sentimentality like a gull foraging over the sea. When it rises, it rises high: with Strasberg and Gordon's age-fissured and lovely charm, warm and wrinkled as old roast chestnuts. When it falls, it nose-dives—chiefly in a tokenist and drivelling young-love subplot involving the grandson. Writer-director Stephen Verona made a spiky, muscular first feature some years back called *The Lords of Flatbush*, and this successor badly needs a transfusion of those virtues.

Sadler's Wells Theatre

The Magic Flute

by ELIZABETH FORBES

Kent Opera's unpretentious staging of *The Magic Flute*, presented on Wednesday night at Sadler's Wells as the company's second offering of its short London season, has a number of virtues and certain unusual elements—some of them, though not all, virtues as well. Norman Platt has further simplified his production, first seen in 1976, and his straightforward narration of the plot combined with Martyn Bainbridge's uncluttered set—a triangular platform, apex pointing upstage, with a false proscenium to frame temple scenes or trials by fire and water, or to provide entrance for the Queen of Night—allows the action to run without pause for scene breaks: always a very positive virtue in this opera.

If memory serves, Mr. Platt has toned down considerably the *Masonic* symbolism in his production; Sarastro is now a benevolent if somewhat eccentric elderly gentleman, whose priests pair off with the female initiates or servants of the order, just like Tamino and Pamina, at the end. The three Boys are young ladies attired as miniature 18th century gentlemen; the three Ladies, in Edwardian tea-gowns with feathers on their turbans, resemble brightly plumaged birds such as Papageno might catch. Papageno himself is denied much clowning in Michael Irwin's translation, which does, however, try to mitigate Schikaneder's worst insults about such second-class citizens as women or blacks.

Roger Norrington's musical direction seks to lighten the texture, both orchestral and vocal, of the performance. His attitude to Mozart's score i scertianly unconventional, particularly in the very fast speeds he adopts for just that music which is often taken extremely slowly—that is to say, the music for Sarastro and the priests. Using an orchestra of about 30, a raised pit (as far as the Sadler's Wells pit will raise) and 18th-centruy performance-practice as exemplified in Leopold Mozart's treatise on string playing, be obtains an approximation to contemporary sound on moder ninstruments. Kent Opera Orchestra achieves this splendidly air ytexture; unfortunately the clarity exposes some weakness in the singing.

Meryl Drower's staunch Pamina projects strongly through well-focussed tone. Peter Jeffes, a lyrical Tamino, sometimes presses his voice too hard in declamatory passages. Marianne Blok, like many another Queen of Night happier in her second, higher-lying aria than in the more "normal" tessitura of the first, at least gets a surprising number of words across. Alan Watt, unwontanly subdued as Papageno, extracts what humour he can from the text. Ensembles of Ladies and Boys are good, while the chorus sings with full tone and excellent attack. Neither Sarastro nor the Speaker has sufficient vocal authority for his role. This *Flute* is an interesting experiment that does not quite succeed.

Duchess

Private Lives

by MICHAEL COVENEY

If ever a critic was wrong about a playwright it was Cyril Connolly, who said something to the effect that the cream of Noel Coward's great comedies would curdle after the period that produced them had passed. *Private Lives* (1930) is the nearest English comedy has come to imitating sonata form and succeeding. It is a great piece because it both asserts a form of social élitism and comments on the snobbish rites involved. Sibyl and Victor are the perennial outsiders in the private game of Amanda and Victor. (And, incidentally, in the wake of *Oh! Calcutta!*, how marvellous it is to have this theatre concentrating on private lives as opposed to private parts).

Alan Strachan's revival, first seen at Greenwich six weeks ago, anatomises the relationship of a couple who have lived apart and with difficulty for five years with minimal obeisance to the ghosts of Coward and Gertrude Lawrence. To that extent, it is a thoroughly modern reading, but it does not make the mistake of John Gielgud's 1972 production (with Maggie Smith and Robert Stephens) of ignoring the superficial qualities in favour of disruptive *angst*.

Amanda and Elyot exist and thrive in seclusion. Not only at the expense of their newly acquired, respective spouses, but also thinks to the vivid absenteeism of Ver aWilliams, Sybil's mother, Clare Lavenham and Peter Burden. They were, and are, after all, "clamped together publicly" in the gaze of such people and behave accordingly. Michael Jayston and Maria Aitken float their competitiveness quite beautifully. Their crucial love scene in the first act is expertly played as a pressing *obbligato* to Elyot's flippant account of his world cruise. Travle, in his case, has narrowed the mind. Miss Aitken strfikes a series of fluid art deco poses but never neglects the truth of Amanda's predicament.

Gestures leap out: Victor (given splendid *gravitas* by Ian Collier) kisses Miss Aitken on the shoulder blade and is doomed. Later, Mr. Jayston will know exactly how to stalk his prey by attacking her neck. The principals' exclusiveness is splendidly estabilshe din the third act coffee scene where the proffering of a *brioche* amounts to a final insult. Jenny Quayle i sbright and inventive as Sybil, Leslie Gregson fine as the maid. The excellent designs, well lit by Nick Chelton, are the work of Peter Rice.

Bellini painting for Southampton

Giovanni Bellini's *The Madonna and Child* will be allocated to Southampton Art Gallery. Arts Minister Mr. Norman St. John-Stevas has accepted the recommendation of the Standing Commission on Museums and Galleries that the work should go there.

Bush

Third Flight

Michael McGrath's new play consists only of a long domestic quarrel between two executive-type young people. Donald is temporarily laid off from his job as an architect; his wife Stella is a biologist on the verge of promotion. They have a four-month-old baby, and Donald has to look after it, as well as cooking, washing up and so on. When he gets the offer of new work, designing a swimming bath, there is an apparently insoluble difference between them, for neither will give up work and they don't believe they can get a babyminder in their remote country home.

Stella (Anna Nygh) wears a man's jacket and shows little interest in her home or her baby. Donald (David Howey) is unbelievedly stupid, and exhibits his stupidity at its best in Act 2 by bluffing his way into Stella's lab, where she is working on a deadly virus that seems to be involved in the cream. Here Mr. McGrath suddenly introduces a fresh theme and gets Donald worked up about experiments on living creatures. The quarrel progresses among more and more improbable lines until the lab is wrecked. Stella then gives in —the most improbable item of all—and apparently proposes to walk out of her half-done job and look after the baby (left at the factory gate in imminent danger of death from htsi virus) while Donald accepts a providential offer of a partnership.

Well, I'm sorry, but I didn't believe a word of it. I didn't believe in either character or in anything that they did. There is nothing in their quarrelsome interchanges of the genuine tension of Ted Whitehead's *Alpha Beta*, and there is only one joke (about Donald wanting a pet) which comes after more than half an hour's pallid bickering. As for the final upsurge of emotion, where Donald tries to make his wife see him in the character of one of the animals she works on, I could only believe that he had gone mad.

Ian Kellgren is the director, and the designer, who makes economical use of a minimum of props and a lot of white paper, is Gillian Daniell.

B. A. YOUNG

Coliseum

Barber of Seville

English National Opera introduced Patrick Libby's 1979 touring production of *The Barber orf Seville* to London on Wednesday night. Elderly sets, which have served the company since their Sadler's Wells days, have been tactfully refurbished by Stephen Addison and Frances Tempest has designed new costumes which update the period from Beaumarchais' to Rossini's time.

The opera is a comedy of conventions and manners, emphasising character rather than spectacle or locale, so these visual modifications are not centrally important. Unfortunately, the conventions Patrick Libby has elected to emphasise are operatic rather than social. He has clung to the usual routine, which moves singers from pose to pose with a few neatly timed slapstick touches to relieve the tedium. Any degree of behavioural observation—surely the essence of this work—is incidental, and possibly fortuitous.

This is more the pity since conductor Noel Davies takes Rossini's score seriously and attempts an elegant, lyrical reading instead of the average knockabout brio. The orchestra's strings aren't quite ready for this and seem unable to deliver the requisite precision, but most of the wind solos are nicely turned and the dynamic scale of the playing is well judged in relation to the theatre's boomy acoustic.

Despite his announced indisposition, Graham Clark's Almaviva revealed a well placed, focused tenor of good size and clear tone. Niall Murray has a resonant, almost effortless baritone of great promise; as Figaro he was inclined to manipulate the music the serve his own vocal ends rather than the other way around. One hopes this tendency will disappear when he becomes more familiar with the role and takes the time to think it through. Delightful, apt performances from Della Jones as a feline Rosina and Gwynne Howell as a marvellously paranoid and resonant Basilio rounded out as good a cast as one could expect the English National to field.

RICHARD JOSEPH

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Friday April 18 1980

Rewarding the skilled

THERE IS a widespread view among leaders of British industry that shortages of first-class professional engineers may be hampering the nation's chances of economic recovery. Warnings about engineering recruitment difficulties come most frequently from companies in the high-technology industrial sectors. The Finniston Report on the Engineering Profession chronicled well-known complaints about business opportunities foregone by the British electronics industry as a result of inadequate engineering manpower. Yesterday British Aerospace, in announcing a record order book of over £3bn, added its name to the list of successful companies concerned about the effects of engineering recruitment problems on its prospects for continuing expansion.

A Confusion

Industrialists are inclined to scatter the blame for engineering shortages across the whole spectrum of British social institutions. Even the English language itself is blamed for perpetuating a confusion between engineering technicians and professional engineers, which has undoubtedly helped to undermine the true engineers' social status. Most of the blame, however, is laid on the British education system, with their undue emphasis on the Classics and on abstract scholasticism. British schools do little to steer their brightest pupils towards engineering, or even scientific studies. The worsening shortage of mathematics and science teachers promises only to aggravate the situation in the schools, while the universities, it is claimed, provide even their engineering students with a training which is not well adapted to the needs of industry.

Poorly paid

But senior industrialists who complain about the conservative traditions of the British schools and universities do not often admit that they themselves bear much of hte responsibility for the relative decline of Britain's engineering profession voer the past few decades. The other side of this coin is that a little soul-searching in Britain's major industrial companies, would reveal that industry itself can go a long way to resolving this problem.

Underlying the low status of engineers in Britain and the unpopularity of Engineering as a universit ysubject is the plain fact that engineering is a poorly paid profession. In 1979, the average graduate Chartered Engineering earned £6,800. Graduates under 25 were paid, on average, £4,000 and even among engineers aged between 40 and 45, only 10 per cent earned more than £11,900. Over the past 15 years, the average income of a chartered engineer has risn by only 9 per cent in real terms, compared with a real increase of 34 per cent in national average earnings.

Until employers are prepared to pay engineres salaries at least as high as those which lowyers, accountants and general administrators, usually with no professional training whatsoever, can frequently command, they cannot expect the government's education planers or, more importantly, the coming generations of university students, to heed their calls for more emphasis on engineering.

Once engineers and applied scientists are better paid, market forces should assure an improvement both in the quality and the number of students reading Engineering and science subjects in the universities. A Government decision to pay more to Science teacvhers, both at schools and at universities, than to their Arts colelagues, would be helpful, not only in coping with increasing student numbers, but also in improving career prospects for science graduates still further.

Overdue reform

Higher pay would not only improve the status and calibre of engineers. It would, moreover, promote a long overdue reform in the management structures of many British companies. Both a cause and an effect of the British engineers' lowly position, is the fact that engineering has traditionally been regarded as a specialised "staff" activity, substantially divorced from "line" management. Production management, the only managerial function, that has, for obvious reasons, been dominated by engineers rather than by other professionals, has been seen as a ro ute to the top of the corporate hierarchy in Britain. The neglect of production management and product design have had much to do with Britain's bad productivity record. The skills requpired to revive British industry will have to be adequately rewarded.

Making Camp David work

IN ITSELF the agreement extracted by President Jimmy Carter from Israel and Egypt that, under U.S. auspices, they should intensify negotiations on a form of autonomy for the inhabitants of the occupide Arab territories cannot be regarded as a substantive success. He has obtained in separate meetings with President Anwar Sadat of Egypt and Mr. Menahem Begin, the Israeli Prime Minister, commitments to pursue the hitherto moribund talks on a daily basis in a bid to meet the May 26 deadline for a solution. What can only be termed as a procedural step forward does no more than underline the fact that none of the three parties wants or can afford to see the negotiations, which have gone on intermittently since early last summer, collapse. Beyond that nothing, apparently, has been achieved by the visits to Washington by the leaders of Egypt and Israel.

Significant

The fact that Mr. Carter summoned Mr. Begin and Mr. Sadat to Washingtan in the midst of his electoral campaign is significant. Opinion polls indicate that the American public is preoccupied primarily by inflation, Iran and the fate of the American hostages, and Soviet expansionism. The Egyptian-Israeli peace treaty signed almost a year ago is all that the U.S. President can point to as a foreign policy success—though the validity of the claim has been increasingly questioned by American voters. Nevertheless, he cannot, on electoral grounds alone, risk total deadlock or, worse, a break-down in the negotiations over Palestinian self-government.

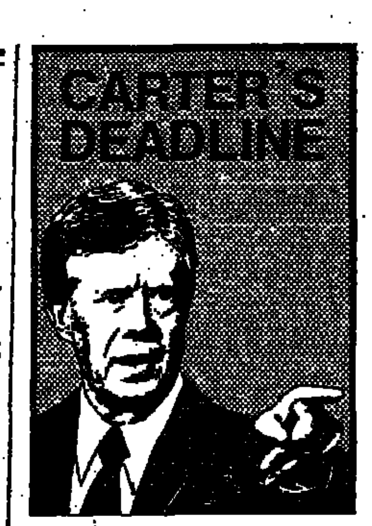
The failure of the Camp David records and the peace treaty to satisfy in any way Palestinians aspirations has certainly complicated the President's task in securing the support of the Arab world for his efforts to secure the release of the hostages and to rally resistance to the Soviet Union's military expansion in Afghanistan.

Mr. Sadat and Mr. Begin also have a vested interest in some kind of agreement about the occupied territories. With his divided and factious coalition Government having plumbed depths of unpopularity, particularly because of roaring and as yet uncontrolled inflation, the Israeli leader needs wider stability in the Middle East and greater acceptance of the Jewish State by the Arab world. Apparently more secure in power, Mr. Sadat wants to see the pact signed last April as the result of his own brave initiative provide the basis for a comprehensive settlement of the Arab-Israeli conflict and the return of his nation to the fold —indeed, leadership of—a community with which it feels a greater affinity than Israel.

The two leaders remain poles apart on the substance of agreement about autonomy for the West Bank and the Gaza Strip. Mr. Sadat has continued to defy the Palestine Liberation Organisation in its refusal to recognise and come to terms with Israel's existence but still wants to bring about a formula for self-government that could eventually provide the framework for a modicum of Palestinian self-determination capable of bringing lasting peace to the region. Notwithstanding the flexible and realistic attitude of Mr. Ezer Weizman, Minister of Defence, Mr. Begin's Likud-led Rright-wing coalition government has still shown no sign of contemplating an accommodation that might win over the mayors of the occupied Arab territories, draw King Hussein of Jordan into the negotiating the hostile attitude of the Arab process or in any way modifv world.

Settlements

It has compounded the problem by its policy of pressing ahead with the estab ishment of Jewish settlements on the West Bank in a manner having nothing to do with Israel's security requirements. Forty days of negotiation cannot resolve the problem unless there is a change of mind by the Israeli Government.



NATO strategy after the invasion of Afghanistan

BY REGINALD DALE

IF President Carter really expects whole-hearted support against Iran, in response to his latest plea for help to his allies, the experience of Afghanistan would supggest that he is likely to be disappointed. The U.S. leader called the Soviet invasion of Afghanistan the gravest threat to peace since World War II. Yet little has been heard since then from the West's major military alliance (the North Atlantic Treaty Organisation)—the main purpose of which, after all, is to prevent the outbreak of World War III. One is entitled to ask whether the alliance has not been caught Singapore-style with its guns pointing in the wrong direction at a time when the Eastern threat comes no longer from the land mass of Europe but around the globe outside NATO's statutory area of operations.

Reflecting the fears that prompted its creation in the late 1940s, NATO has for more than 30 years been geared to deterrring a Warsaw Pact thrust in Europe—whether against the central front along the East-West German border, in Northern Norway or on the Southern flank (Greece and Turkey). This is the basis on which the alliance conducts its exercises and manoeuvres, plays out its war games, and indeed, orders its equipment and deploys its forces. At sea, its fleets are confined to the coastal seas of Northern Europe, the Mediterranean and the Atlantic as far south as the Tropic of Cancer. The assumption is that, as in World War II, Europe will be the main theatre of operations.

Strategists at the alliance's Evere headquarters on the edge of Brussels have now had more than three months to mull over the lessons to be drawn from Afghanistan and a number of conclusions—some firm, some still only tentative—are beginning to emerge. The need for a speedy reassessment is not thought to be overriding in Brussels. Nobody believes that the Russians are going to make another move until they have digested Afghanistan, if then. But the aim is that the alliance should be pretty clear where it stands by the time defence and foreign ministers meet in Ankara towards the end of June for their annual spring Council.

Alliance officials maintain that, however it may have looked to the outside world, they were not taken by surprise by the Soviet invasion. On the contrary, NATO was first apprised of the threat to Afghanistan as long ago as last June—at the very moment that Presidents Carter and Brezhnev were meeting in Vienna to sign the latest U.S.-Soviet strategic arms limitation treaty (SALT 2).

By August, Washington had informed its allies that the Soviet Union was forming combat units for a possible Afghan venture. By the autumn it was clear that Moscow was nearing a decision, and the first evidence that Russian combat units had actually moved into Afghanistan came in mid-December, just as allied defence and foreign ministers were gathering in Brussels to decide on a major, if unrelated, strengthening of the West's long-range nuclear arsenal in Europe.

But little allied action was taken on the basis of the American intelligence reports. Few of the allies responded to a request by Washington that they should all warn the Soviet Union to stay out of Afghanistan—many of them arguing that they wanted to wait for their own information before acting, or, alternatively, that Moscow would not listen any way and Western warnings would be counter productive. It was left to the Americans to warn hte Russians on no fewer than five occasions in December that the despatch of Soviet combat troops to Afghanistan would result in a serious deterioration in the super-power relationship.

Even after the full-scale Soviet invasion took place at the end of December (characteristically, during a Western holiday period) the allies remained divided in their assessment of its significance. The first to react with the announcement of retaliatory sanctions against the Soviet Union, it was duly noted in Brussels, were the "Anglo-Saxons"—the U.S., Canada and Britain inside the alliance and Australia and New Zealand outside it. Even they were not totally united. Britain thought the Americans acted too impulsively in announcing their sanctions (the embargoes on grain and high technology exports and the threat to the Olympics) without allowing enough time for alliance consultation.

... has the alliance been caught Singapore-style with its guns pointing in the wrong direction ...

But the division between the "Anglo-Saxons," with whom the Dutch and the Belgians tended to sympathise, and the other countries led by France and Germany, was even greater. For a long time the debate in NATO ranged rather fruitlessly over whether the invasion of Afghanistan had consequences for East-West relations (the Anglo-Saxon view) or whether it was simply an "East-South" affair — the jargon phrase for an event involving only the Soviet Union and its Southern neighbours — to which the West should not over-react if it wished to preserve detente. If, in the eyes of many of his allies, President Carter had indeed over-reacted, that was in large part because of his frustration and anger that Moscow had failed to take his earlier warnings seriously.

These divisions have not been totally overcome. France, for example, still believes economic sanctions to be wrong. They are likely, the French argue in Brussels, only to annoy the Soviet Union, without bringing withdrawal from Afghanistan anyc loser. As for an Olympic boycott, the French maintain that even if it succeeds in inflicting loss of face on the Soviet Union, it risks driving Moscow further into a laager mentality, with unnecessarily detrimental effects on East-West relations. Bonn fears for its hard won Ostpolitik and particularly its links with East Germany. It has been put into a dilemma by the invitation from President Breshnev for talks with Chancellor Schmidt.

But in recent weeks there has been a marked rapprochement between the differing national viewpoints. Most notable has been the increasing acceptance by France of her allies' analysis of the implications of Moscow's action and recognitition in Paris that it constitutes a serious threat to detente.

The French, particularly in a pre-electoral period, are terrified of any suggestion that Afghanistan is driving the country back into the arms of NATO — at the expense of its traditionally independent foreign policy. But they have become increasingly disillusinned with Moscow since the New Year—not only over Afghanistan but also over the banishment of Andrei Sakharov. They are now showing readines to participate in alliance consultations and the planning of co-ordinated action —provided that they remain confidential and France is not openly seen to be going along with a collective alliance line.

After long deliberations, all 15 allies are now more or less agreed in their assessment of Moscow's motives. This is that while Moscow continues to harbour long-term aims of world dominance, the Afghan operation is more likely to have been a response to the immediate situaton on the ground. Moscow could simply not afford to see a country on its southern border succumb to militant Islam or even a prolonged civil war. Perhaps most important, whether for reasons of ideology or realpolitik or a combination of both, the Soviet Union could not tolerate the overthrow of a Socialist regime—with all the conclusions that might be drawn in Eastern Europe.

The Kremlin, in NATO's assessment, thought the risk to its other policies was worth taking, given the likelihood in Moscow's view, that the operation could be rapidly accomplished and the Western outcry would soon die down. Having established themselves in Afghanistan, the Russians would not necessarily press on through Iran or Pakistan to the Gulf, but content themselves with being in a better position to exploit disruptions in the area.

What are the conclusions that the NATO countries have drawn from this analysis? The first is that the West's long-term aim must be to secure a Soviet withdrawal. It is recognised that the European Community's proposal for a "neutral and non-aligned" Afghanistan is not going to achieve this overnight. The immediate aim is rather to sustain opposition to the Soviet move in the Third World (and among the waverers in Europe) by demonstrating that the West's reaction is not simply punitive.

Next, there can be no question of formally extending the NATO area beyond its present limits. This would be unacceptable to the Dutch and the Scandinavians, and anathema to countries that found themselves included in the new boundaries. On the other hand, the alliance feels entitled to claim that events outside the area can still constitute a threat to countries inside the area. The western tanks on the North German plain will be no use if there is no fuel to drive them.

Thirdly, while the East-West strategic balance in Europe has not been directly altered by the Soviet invasion of Afghanistan, there is still a case for reviewing Soviet intentions. Afghanistan may have a lesson for NATO in Europe if it implies a new assertiveness in the use of military force on a world-wide basis.

The conclusion is that efforts must be made both to shore up the countries of South Asia and to strengthen the defences of Western Europe. NATO as such may not be able to operate outside its area, but forces of its individual nations can, and the navies of the U.S., Britain and France will all be showing the flag in the Indian Ocean, if they have not already begun to do so. Member nations can supply economic and military aid to the Gulf region without pinning a NATO label onto it.

None of this, however, would be enough to stop a determined Soviet military drive to the Gulf and its oilfields if Moscow were to risk such an enormous gamble. The 1,800 U.S. marines and their support ships in the Indian Ocean are no more than a trigger force. President Carter has drawn a line round Afghanistan and made it clear to Moscow that if it puts one foot across it, there would be an escalation of hostilities that would not be containable to the Gulf area—where the West would be fighting a losing battle. That is what makes it so important that the defences of Western Europe should be secured.

Accordingly, with strong American encouragement, the European allies are now reviewing their achievements under the so-called Long-Term Defence Programme, officially launched in 1978, to see if they are actually living up to commitments already made to strengthen the alliance militarily. The U.S. wants the Europeans to beef up their reserves and there will be renewed pressure on defaulting governments to meet the target of real 3 per cent annual increases in defence spending—a target to which West Germany has now recommitted itself after earlier hesitation and which Britain reaffirmed in this month's Defence White Paper.

In parallel, however, the allies want arms control negotiations with Moscow to go ahead. If this is partly to satisfy the European desire to keep detente alive in at least some form, it is also for strategic reasons. If military balance is the best guarantee of stability, then it obviously makes sense to continue to seek it round the negotiating table when the world is passing through such a dangerous period.

In the Vienna East-West force reduction talks (MBFR), and in the Geneva negotiations for a comprehensive ban on nuclear testing, it is business as usual (not that that implies much forward movement). But Moscow is continuing to spurn NATO's offer to negotiate on long-range nuclear forces in the European "theatre" and the SALT process is in the doldrums.

... it risks driving Moscow further into a laager mentality

In the U.S., the armed forces are waking up to the dangers of continuing failure to ratify SALT 2, but chances of the Senate approving the treaty this year still look bleak. If Moscow were to decide to disregard its provisions and step up its strategic firepower, the entire basis on which American strategic plans have been laid could be overthrown and the new American MX mobile missile—the centrepiece of the U.S. land-based strategic forces in the years ahead — made vulnerable.

If that were to happen, and the strategic balance were to move decisively in Moscow's favour, Western Europe would become even more susceptible to political pressure as much as to military attack. In Afghanistan, Moscow has shown that there are circumstances in which it is prepared to put to use the military might it has been accumulating for so long. Far from being irrelevant, strong NATO forces in Europe look more necessary than ever.

MEN AND MATTERS

More and more Round Tables

Big Business Day in America yesterday was not what the title might suggest. This was no celebration of the corporations' role in making the nation great but the start of what has been billed as "a 10-year assault on corporate irresponsibility."

The project began 15 months ago when Mark Green, director of Ralph Nader's Congress Watch Project, began to organise a consumer and labour coalition to counter the success of big business in the propaganda war it is said to have waged against consumerism, environmentalists and government regulation.

Some time after chief executives from leading companies organised the so-called "Business Round Table." Opponents countered with the "Other Round Table" and yesterday went public with meetings in Washington and across the country. The day began with the establishment by Nader's Raiders of "the convention of the giant corporation," after which bemused journalists were treated to a tour of the campaigners' Corporate Hall of Shame.

Funeral note

Although I have yet to detect any signs of cuts in the cost of living, it may be some consolation to readers to hear that in a sleepy corner of Norfolk there is a new enterprise which should reduce the cost of dying. Macro Funeral Services of Attleborough is to open a 20-man factory to produce synthetic lightweight coffins.

Director John Barker, refuses to say what the coffins are made of until patent problems are ironed out. And for the moment, he tells me, the factory will only assemble coffins using parts imported from Canada. Manufacture under licence, he hopes, will follow.

With funerals now costing hundreds of pounds, what sort of saving can the bereaved expect? "Considerable," says Barker. "Solid timber is expensive. But you must remember that you sell a funeral, not a coffin, so the saving is only part of the whole cost."

As the coffins will be used in cremations, it is important that the material should not produce toxic fumes, he points out. And with tradition itself dying hard, it is equally necessary to ensure that the coffins look genuine. Veneers give the appearance of real wood.

Whisky Man

"You might just as well try to call yourself Murder Incorporated." That was how the Isle of Man authorities responded four years ago when Lucien Landau asked to register a new company: Glen Kella Distilleries. "Murder and distilling were on a par legally in the days when I started this lark," Landau tells me. But now the Tynwald has yielded to pressure and changed the law. Landau has the island's first-ever licence to distil liquor and "this lark" is now a business. Yesterday the first bottles of Glen Kella Whisky went on sale in island pubs.

Landau, a man of an inventive mind, claims he has developed a new quick process for whisky making and is already prepared to produce 1,500 cases a week. Small beer by Scottish standards, his enterprise is built around innovations which may yet make the venerable Scotch Whisky Association sit up and think.

His credentials speak for themselves. In at the founding of the London Rubber Co in the 1930s, it was Landau who developed (in a colleague's kitchen) the process for making the company's most famous product. "Most of the processes used by LRC were mine," he claims. After a long, eminent career in leading rubber and leather companies, his name now occupies many columns in the Patents Office registers.

And his latest invention, needless to say, is being kept tightly under wraps until it is adequately protected from pirates. All he will say is that Glen Kella Whisky is made from "almost any kind of spirit that is suitable for it." But the key is an equally secret process by which Landau claims he can bypass the lengthy end expensive business of maturing raw spirit in wooden barrels. The British law requiring at least three years' maturation, he says, is unnecessary. "I can produce an effect comparable with that of 12 years in wood within a number of hours."

Indeed it was the conventional distilling industry's practice of storing whisky for as much as 10 or 20 years which aroused his curiosity." For years I could not see the sense of it." Now 68 and three times retired, he has found the time to inquire further. Curiosity satisfied and pleased with the results ("people say it leaves you with less of a hangover than Scotch or Irish") Landau is waiting to see how the product sells before deciding on any overseas ventures.

So far trial swigs among locals have backed up his own assessment of the quality of Glen Kella. "It is very tolerable," a friend tells me, "distinctive and a little bit raw, but a bit of all right. And a damned sight better than the poteen they used to make round here."

Constant diet

If you like to try something new when you go to a restaurant, the chances are you're an exceptional eater. Most of the rest of us appear to be dull and predictable: we are what we eat, and we eat British. A poll of 680 British restaurants tells us the meal we are now most likely to order: tomato soup, ham or beef, chips, peas and cake or cheddar cheese.

Minestrone is the highest ranking foreign soup, a creditable second, an dpizza ranks third among non-meat entrées.

Tea has, however, lost its hallowed position as the most popular non-alcholic drink taken with a meal, easily beaten by coffee. But among the cheeses, cheddar reigns supreme: 63 per cent of caterers say it is the most frequently ordered cheese. Stilton (9 per cent) and Cheshire (6 per cent) fall way behind.

Should you need any further evidence of our tedious dietary habits, you should know that roast, boiled and mashed potatoes do not even appear on the list of favourites. Chips score an overwhelming victory.

Tokyo rise

Property prices may be fading as the chief topic of conversation at suburban dinner parties in Britain but in Tokyo the subject continues to fascinate. Land values there last year shot up by 19.9 per cent—compared with a rise of less than 7 per cent in the consumer price index.

A choice piece of residential land near the Imperial Palace in Tokyo's "West End" can now be had for £1,200 a square metre. The site of the British Embassy, which occupies 34,000 square metres in this well-favoured position is now worth £42.5m.

Unfortunately, the embassy, with its swimming pool and gardens, belongs to the Japanese Ministry of Finance. Embassy officials held their breath the last time the rent was due to go up—in 1978—but were let off with a sum which might have secured a couple of luxury apartments. The future is now secure—till 1988.

Giving or taking?

An odd and possibly disturbing coincidence occurred outside the Bank of England's Watling Street offices in the City yesterday morning. As investors rushed in to snap up the Government's latest gilt-edged tap stock, three vans loaded with equipment turned up and disgorged eight nurses from the National Blood Transfusion Service.

Observer

Reagan—or Mrs. Thatcher—would win in Pittsburgh

AMERICA IS talking about the possibility of living with President Raegan. Indeed if what one has learned about politics in other countries can be applied to the U.S., it is difficult to see how, barring accidents, Mr. Reagan can fail to win the presidential election in November — although it is true that it is difficult to defeat an incumbent at the end of his first term.

Two factors in particular seem to be working in his faviur. One is the general rule that oppositions do not win elections, but governments lose them. The record of President Carter in office would not be an easy one to defend, even if the Republican challenger were a nonentity.

The second is inflation, which is now running at an annual rate of close on 20 per cent. It may come down before the election, and there is talk of a wages freeze to help it do so, but it is doubtful whether the current rate will be either forgotten or forgiven.

This is certainly the view in Pittsburg, Pennslyvania, which I have been visiting.

Pittsburgh is one of America's largest industrial cities and an astonishingly pleasant place, despite the weather's attempts to show. Yet what strikes you most is that conversation here begins almost where if left off in London. Everyone is talking about industrial decline. The Americans claim to have caught the British disease.

Enter a Pittsburg boardroom and the most likely question that you will be asked is: "How is Mrs. Thatcher? I hope she's doing well."

And there is a remarkable similarity between Mrs. Thatcher's view of Britain and the view of America as seen from Pittsburgh.

The thesis goes something like this. The relative economic decline of America began in the last years of President Eisenhower, but at the time hardly anyone noticed, and in any case it did not matter very much because America was so rich and the rest of the world was so far behind. Since then, all American presidents have been flawed in one way or another. President Johnson, it is said, was an ego-maniac. President Nixon was a crook who spent too much time on foreign policy. President Ford did the best he could under the circumstances, but the circumstances were not good. To this day there remains considerable sympathy for Mr. Ford.

As for President Carter, perhaps one should confine oneself

It would be difficult to understate antipathy to Mr. Carter . . .

to one of the milder comments. "He is," said one corporate vice president, "the worst and weakest president in the history o fthe nation."

It would be difficult to understate the antipathy to Mr. Carter even among those industrialists who have agreed to serve on committees to advise him.

So much for the views on successive presidents. It made no difference whether they were Democrats or Republicans, and in many ways party labels have become irrelevant. The more detailed analysis of what is said to have gone wrong can be summarised as follows. There was so much money around that there was a feeling that almost anything could be done. American prosperity seemed impregnable. There was little resistance to giving more power to the unions or more subsidies all over the place. No one stood up early enough to growing government bureacracy and intervention in business. The declining growth of productivity was noticed too late. So was the competition from Europe and Japan. Above all, the government spent too much.

The result is the present rate of inflation. There are other manifestations of the crisis which seem more typical of Britain than of the U.S. In Pittsburg all the talk is of the future of the old industries and, in particular, of steel. A national steel strike was avoided this week (there is in practice a "no strike" agreement), but only at a price that the industry wonders privately whether it can afford to pay. In effect, it amounts to indexing wage increases to the rise in the cost of living plus a bit more for each of the next three years. Yet it is widely held that the American steel industry has been under-investing for years, and in many sectors has ceased to be internationally competitive. The steel workers are already among the highest paid in the countr yand the least productive.

The settlement has left industry bitterly divided. At least one of the steel companies would have preferred to face a prolonged all-out strike in order to each the union a lesson. It was out-voted by among others, the biggest producer of them all, the U.S. Steel Corporation. Mr. David Roderick ,the chairman of U.S. Steel, is not a popular man among his fellow industrialists.

The dissatisfaction with the steel industry among steel users is widespread. It is said that the industry has been badly managed for years and now deserves all that is coming to it. It should be told to compete or else. There is some sympathy for the anti-dumping suit filed by U.S. Steel against foreign imports, but current cheap imports are not seen as an adequate excuse for the failings of the American steel industry over the years.

Gaining in confidence as the campaign progresses—Ronald Reagan with his wife Nancy.

Steel is not the only issue which reminds one of Britain. There is also the case of the Chrysler Corporation. Chrysler is America's British Leyland. I have not found anyone who does not believe that it will not go bust in the end. The only question is how long it will be shored up. Industrialists in Pittsburg wish that it will be allowed to sink as soon as possible, if only to show that there will be no more government aid for lame ducks. There is talk of selling off the more viable parts, some of them to the Japanese, if they could be induced to buy.

Again one is struck by the regional variations. It is the North East of the country, the home of the old industries, which is in economic decline while other areas—Texas and the South West, for example—are flourishing. Of course, there are exceptions. It is no more true that the whole of industry in the North East is collapsing than it is true that the whole of British industry is becoming uncompetitive. But what is happening is that the failures are becoming more conspicuous than the successes. A pattern is emerging under which it seems to be the norm for industry to be up against the wall.

This has led to a loss of confidence akin to the loss of confidence in the nation's ability to provide the lead in international affairs. Indeed it is difficult not to regard the frustrations over the hostages being held in Iran, and the realisation of the relative decline of the economy as different parts of the same phenomenon. There is a feeling that America doesn't work any more, and is no longer in control of its destiny.

In business circles the problem tends to be defined by saying that governments make things worse not better: it is they which have done more than anything else to contribute to inflation and low productivity by their heavy spending and interventionist policies.

Two other arguments continue. One is how long it will take for the economy to recover if and when a Thatcher-type administration emerges. Estimates vary between one and ten years.

The second argument is the most interesting of all. It is whether the situation is yet bad enough to bring about the necessary change. The answer is inconclusive, and it is here that the parallel that has been drawn with Britain stops short. When Mrs. Thatcher won the general election last year, there was evidence that the Conservatives had won the intellectual argument in the country some time before. The old policies of intervention had come to be regarded as bankrupt by a sufficiently large part of the country to sway the election result, even if there were sharp regional variations.

In America this is much less certain. The intellectual argument in favour of radical reform has not yet been won in the Press which by and large continues to reflect old attitudes. Senator Kennedy, who is still challenging President Carter for the Democratic nomination, is campaigning on a platform whi amounts to yet more public spending and more government intervention. There is not a hint of relying on the price mechanism.

It is also the case that even among those who want reform there are significant divisions. At the very top of industry there is a professed readiness to rely on market forces. But slightly lower down, however, there is a hankering for protectionism and even for a prices and incomes policy. The feeling against Japan in trade matters is intense.

The very idea of Reagan becoming president fills liberal Democrats . . . with horror

Thus it would be an exaggeration to say that the tide is running for the Republicans in quite the way that it ran for Mrs. Thatcher's Conservatives, though certainly it is running in that direction. At the popular level the realisation of the full extent of the country's relative decline may take as long to get through as it did in Britain. America may need more experience of failure before it is ready to change.

There may also be a particular reservation about the candidature of Mr. Reagan. He is 69 and far from being an intellectual. He has no experience of Washington and none of foreign affairs. He is widely accused of being careless with facts, something which is now admitted by his own staff. The very idea of his becoming president fills liberal Democrats who have sneered at him for most of their lives with horror, and he is not the ideal candidate for liberal Republicans either.

There is, however, a perceptible closing of ranks on the Republican side. Very few people would refuse to serve under him, and it is pointed out that he has always been good at choosing people and delegat ing authority. Because of his age much will depend on whom he selects as vice-presidential candidate. Meanwhile, as President Carter continues to do battle with Senator Kennedy, Mr. Reagan has time to develop his campaign. What is more, the conventional wisdom has it that the entry of Mr. John Anderson, the liberal Republican, as an independent candidate if it happens, will do more harm to the Democrats than to the Republicans.

In the circumstances, it ought to be very difficult for the Republicans to lose, even despite their candidate. What is lacking is any great degree of enthusiasm and, of course, no one can predict what will happen between now and November. If Mr. Reagan were to catch so much as a cold, it is said, the odds could change significantly.

Malcolm Rutherford

Letters to the Editor

More controls–less creativity

From Mr. W. Bailey

Sir,—There is general agreement that the status and pay of engineers is poor, and that it is in some way connected with the country's poor economic performance. I feel, however, that commentators have concentrated on this narrow issue, whereas I contend that it is the result of much wider market forces and is thus incapable of isolated solution. The real problem is the demise of our great engineering industries.

For many years governments have penalised and hampered formation of capital and rewards of risk-taking. Having thus crippled the economy, they intervened Canute-like in every function and malfunction of the market, and now propose to do so in the engineering profession. Politicians and civil servants have ignored the protests of business, and have regarded the continued existence of both capital and large companies as proof that their assault on capitalism has done no harm. In their stupidity, they have ignored the ageing equipment and products of our industries and the failure of new businesses to germinate in poisoned conditions, which in turn have led to a decline in demand and scope for engineers. Evidence the continued inventiveness of British engineers coupled with the failure of commercial exploitation.

Small wonder that as stewards have replaced entrepreneurs at the helm of big business so accountants have risen. A steward is risk-averse, and favours the analysis and reporting of performance rather than performance itself. Who better than an accountant to support him? "The accountant is the corollary of the steward."

Traditionally, inventiveness and creativity have been the springboard—even the substitute—for education. Indiscriminate education has endowed us with a vast army who, devoid of creativity, feel the urge to control; and the result is a vast bureaucracy in government, business and throughout national life, forever devising new controls, procedures and interventions which impede the productive process. Committees flourish, but little else. "Education has become a substitute for intelligence. Those who cannot create wish to control."

In this context, the Finniston enquiry is merely another bureaucratic remedy. The real remedy is a ruthless extermination of not only the controls which impede enterprise, but their very breeding grounds—the bureaucracies themselves. Sadly, the Government is paying lip-service to the former while the civil service will frustrate the latter.

If anyone doubts my arguments, let him reflect upon the 19th century. Then (as now) British engineers were building civil works and industries throughout the world. But then, they were also building great industries at home, and providing an unparalleled increase in the standard of living for the ordinary citizen. Entrepreneurs and engineers were legendary; accountants were obscure book-keepers; committees were nowhere.

W. H. Bailey.
Cliff House,
Llancarfan, Barry,
South Glamorgan.

Local authority staffing

From Mr. S. White

Sir,—Surely your article on "waste" (April 12) is only part of the story? The two men responsible for the appalling overmanning of the health and local government services are Sir Keith Joseph and Mr. Peter Walker. Their record is so damning that it passes comprehension how they were re-adopted as Tory candidates, yet alone being made members of Mrs. Thatcher's Cabinet. And the matter does not end there.

The last re-organisation but one in the local government of this area, set up the unitary authority of Teesside. This was regarded by all as an unqualified success and a model for the whole country. But Peter Walker not only destroyed it but took no interest in the staffing of the county and subordinate district councils he set up. The result is therefore that we have the most overstaffed county council in the whole country—set up by a Tory minister, sustained by Tory councillors and allowed to levy one of the highest rates in the country by yet another Tory minister.

The Tories had over three years in opposition in which to see their mistakes and to plan remedial action; they have been in office for almost a year, yet we have seen little or nothing of the implementation of those plans. Is it that Mrs. Thatcher has to cope with even more "wets" than we have previously suspected, and will not "wet-rot" destroy her Cabinet?

Stanhope White.
47 Severn Drive,
Guisborough,
Cleveland.

Mortgages and house prices

From Mr. D. J. Roaf

Sir,—Mr. Darling (April 9) disagrees with my statement (April 3) that higher interest rates will make house-purchase even more difficult for the poor than it already is. Mr. Darling points out that house prices are determined by buyers' ability to pay, so that if purchasers were only able to support smaller mortgages, house prices would fall (or rise more slowly). This argument, if applied to the price of tomatoes, can be seen to be only partly valid. If we look at what has happened since 1970 when mortgage rates were 8.6 per cent (average), we can see that house-prices have kept up with earnings, but the average mortgage payment for a first-time buyer with median earnings has risen from 24 per cent of post-tax income to 39 per cent. Clearly this is more difficult for poorer people and, indeed, the average recorded income of first-time buyers was 1.17 times median earnings in 1970 but 1.28 times in the first quarter of 1980. So poorer people are finding it more difficult (compared with richer) to finance a mortgage.

Mr. Darling also points out that higher interest rates would mean much fairer treatment of building society depositors whose savings are eroded by inflation without fair compensation. Indeed these depositors would be helped even more if we could persuade building societies to index-link deposits as well as mortgages. Index-linking would treat depositors and borrowers fairly and would open home-ownership to far more people, because nominal interest rates would be far lower.

D. J. Roaf.
Exeter College,
Oxford.

Citizen's band radio

From the Member for Bexley, Erith and Crayford Greater London Council.

Sir,—Your article (April 15) regarding the thorny issue of allocating the scarce radio spectrum showed how little is available for individual use.

You cite a single TV channel of the old 405-line black and white variety taking 6MHz. This amount being equivalent to about 40 VHF stations.

Why, oh why, does the BBC still persist in transmitting 405-line old style black and white when it is estimated that 625-line colour now reaches over 9 per cent of the population? How much does it cost the BBC to run, operate, maintain, supply with electricity these relics of a bygone age when there is not made today? Just one of these old 405-line TV channels would be enough radio spectrum to permit a national Citizens Band radio network of 40 channels—five times over.

Wake up Auntie Beeb, put your own house in order before publicly wailing about "cuts" and putting hte licence fee up yet again.

Richard Town.
(Technical Adviser, Parliamentary Working Party on Citizens Band Radio),
Members' Lobby, County Hall, S.E.1.

Education in London

From the Chairman, London Region, National Association of Teachers in Further and Higher Education

Sir,—While it is very encouraging to find that the Financial Times (April 14) comes to the same conclusion that we do about Inner London Education Authority, namely that it should not be dismantled as has been recommended by Mr. Kenneth Baker and his "Operation Sherlock" colleagues, there are some additional arguments to which the professional associations attach special importance.

ILEA is not exclusively concerned with school education and it would not only be the schools which would be affected by Mr. Baker's proposals. Our members, for example, work in the maintained colleges, the five polytechnics and in adult education. It is widely acknowledged by education specialists in the international journals that ILEA's adult education service is both outstandingly comprehensive in range and works to very high standards, and there have been many attempts to copy it in other metropolitan areas. If market demand is a measure of success, then it is impressive that one in 10 adult Londoners use the service, which is now under threat of particularly grave cuts.

Equally, the rpovision facilitated by the size of ILEA in general education and vocational training in the colleges also has international recognition. It is certain that smaller authorities would not be able to sustain this. Much less could they provide the specialist colleges which blossom in London and whose graduates are crucial for commercial and industrial sectors of the London economy. The standards set by London polytechnics are second to none. It is clear that much of this achievement is due to the size of ILEA and to the direction in which it has chosen to travel. The current attack will destroy large parts of what is best in that provision.

We are dismayed that so radical a proposal as has been produced has never been concretely put to the London electorate. The Government has embarked on an entirely undemocratic procedure. Where the wishes of parents have been sought, and they are clearly a key group in this argument, they have shown themselves almost unanimously against the break-up of ILEA. At a range of meetings of over 700 parents in each, organised by the parent-teacher associations in Wandsworth, and in the balance of correspondence which Mr. Carlisle reports having received, it is crystal clear that parents are overwhelmingly hostile to the plan.

It is useful to contrast the Baker report, which you rightly consider "flimsy" and "not accompanied by sufficient evidence," with the last Conservative sponsored report, undertaken by Sir Frank Marshall. Baker is really not in the same league. His statistics are inaccurate. He continuously compares like with unlike. He gathered what he considers to be "evidence" in secret, avoiding all dialogue and analysis from the professional associations connected with ILEA, perhaps not surprisingly for he may have guessed that they are, to an organisation, opposed on the grounds of professional judgement to his conclusions. On the other hand, Sir Frank Marshall, and Conservative educationalists like Lords Butler and Boyle, woh supported Marshall, are able to withstand careful scrutiny for three reasons: (a) Marshall got his data right; (b) he consulted with the professional educationalists and conducted all necessary debate with them in the open; and (c) he was not determined to reach a political end to which everything else, including the facts, had to bend.

Political determination cannot be made an excuse to fly in the face of all available evidence, all professional advice, the views of the workforce in the service, and, as far as it has ever been tested, the will of the parents of London schoolchildren. If Mrs. Thatcher has the courage of her political convictions, she will test tne proposal at the ballot box in the 1981 London elections.

David Triesman.
NATFHE,
Hamilton House,
Mabledon Place, WC1.

Breaking up the ILEA

From the Leader, Inner London Education Authority

Sir,—You are right to be sceptical of proposals to break up Inner London Education Authority (leader, April 14). As you say, a multiplicity of education authorities — in a cohesive inner city which, like similar areas in Britain and abroad, has always had a single authority — would provide a poorer service at higher cost.

You appear however, to accept uncritically the Baker report's comments on ILEA's alleged lack of "direct democratic or accounting responsibility." Yet all 48 members of the authority are directly elected, 35 of them to Greater London Council/ILEA and the other 13 to the city and borough councils whose area ILEA serves.

The nearest parallel for ILEA's financial accountability is the county councils, each of which (to quote Mr. Baker) "determines its own budget, spends what it wants and sends on the bill to someone else" (i.e. the district councils). The important difference in inner London is that the councils responsible for actually raising the rate — the boroughs — are directly represented on ILEA, whereas districts have no representation at county level.

You fairly characterise the Baker report as "flimsy" but then, on the basis of Baker's evidence which is at best highly selective and at worst inaccurate and misleading, you describe ILEA as an "expensive failure" and accuse us of "administrative incompetence."

Baker attacks ILEA's educational performance. If he had taken the trouble to look at the facts, he would have found that standards in inner London schools have been rising in recent years as measured, for instance, by children's verbal reasoning scores.

On cost, I should like to make three points. Unit costs per ILEA pupil are higher than the national average, but so is, for example, expenditure per head on social services and housing, in inner London, which caters for the same population as the education service. Indeed, the higher spending per head on housing and social services is even more marked than in education, which suggests that services provided individually by the boroughs are more costly than a service provided by one authority for the whole of inner London. Expenditure on education accounts for a substantially lower proportion of total expenditure by local authorities in London (42 per cent) than it does for the country as a whole (50 per cent) and is about the same proportion in both inner and outer London boroughs. Expenditure on education, in real terms, within ILEA over the past six years, including the 1980-81 budget, has been reduced by three per cent.

You fail to mention that Baker completely ignores parental opinion. In Wandsworth over the past few months there has been an overwhelming rejection by parents and teachers alike of the borough council's plan to take over education. I think this spontaneous expression of preference for ILEA will be echoed throughout inner London if the Government attempts to break up the authority.

(Sir) Ashley Bramall.
County Hall, SE1.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher visits Posidata and Lansing Bagnall factories at Basingstoke.

Association of Professional and Executive Staff conference opens, Scarborough.

Mr. Peter Walker, Agriculture Minister, speaks at Weston-super-Mare.

Mr. Nigel Lawson, Financial Secretary, visits Fort Vale Engineering, Nelson.

Mrs. Sally Oppenheim, Consumer Affairs Minister, speaks at Colchester.

All London Underground services halted after 10 pm in protest at violence on the Tube.

Amalgamated Textile Workers Union conference, Blackpool.

Final day of National Union of Students conference, Blackpool.

London Crafts Fair opens, Camden Arts Centre (until April 20).

Tipping Vehicle Exhibition, Harrogate (until April 20).

Overseas: Prince Charles represents The Queen at Zimbabwe independence celebrations.

Final day of European Parliament session, Strasbourg.

OFFICIAL STATISTICS

Retail prices index and tax and price index for March.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY MEETINGS

Alexanders Holdings, Central Street, Edinburgh, 12. Authority Investments, Cadogan Hotel, 75, Sloane Square, SW, 11. Lunuva (Ceylon) Tea and Rubber Estates, 1-4, Great Tower Street, EC, 11. West Hampshire Water, Knapp Mill, Mill Road, Christchurch, Hants., 3. F. W. Woolworth, Connaught Rooms, Great Queen Street, WC, 11.45.

NEI falls further behind as engineers' strike hits

Expectations for any improvement in the second half at **Northern Engineering Industries** were defeated by the national engineering strike which affected all the group's U.K. operations and, following on the first half setback, pre-tax profits fell further behind to finish 1979 well down at £18.13m, against £30.46m last time.

Reflecting the severe problems at Reyrolle and also the effects of the national transport strike, first-half profits had fallen from £15.57m to £11.67m. Against a forecast of a pick-up, profits for the second six months were a depressed £6.46m.

Mr. Duncan McDonald, the chairman of this electrical and mechanical equipment manufacturer, comments that the engineering strike in terms of cost represented loss of overhead recovery and profit slippage on lost output.

Despite the industrial disruption, turnover for the year was maintained at £453m (£451m), but the overhead costs of producing this result were not recovered.

However, the group has made a good start in the current year and has managed to cope with the immediate impact of the steel strike, although it has yet to see whether there are any adverse affects on steel supplies *in the aftermath of the dispute.*

Satisfactory liquidity has been maintained, without curtailing capital investment by way of internal development—£13.5m—and acquisition—a further £12m, while the balance sheet is still strong.

The chairman adds that the company remains soundly based and faces the future with confidence.

Stated yearly earnings per 25p share dropped to 5.85p (14.52p) on a net basis and to 9.49p on a nil basis. The dividend total, however, effectively held at 3.75p net with a final of 2.5p (same).

Tax charge increased from £6.72m to £7.82m. Attributable profits slumped by £13.52m to £9.24m, before an extraordinary debit of £1.31m compared with £23,000. Dividends again absorb £6.07m.

See Lex

SPAIN

April 17	Price %	+ or −
Banco Bilbao	222	
Banco Central	242	−2
Banco Exterior	206	
Banco Hispano	217	
Banco Ind. Cat.	128	
Banco Madrid	152	
Banco Santander	259	
Banco Urquijo	150	
Banco Vizcaya	228	−2
Banco Zaragoza	206	−2
Dragados	100	
Espanola Zinc	62	
Fecsa	58.5	
Gal Preciados	31	+1
Hidrola	64.5	−0.2
Iberduero	58.5	−1
Petroleos	108	−1
Petroliber	59	
Sogefisa	107	
Telefonica	54	
Union Elect.	63	−0.7

HIGHLIGHTS

There was a rush for the new gilt-edged stock yesterday and the Lex column considers the latest trends in the gilt market. On the company front **Royal Dutch Shell** was rather more optimistic in its annual report than **BP** last week. Elsewhere **Northern Engineering Industries** appears to be in the forefront of the squeeze on the engineering sector. **British Aerospace's** annual report is published and Lex discusses the uncertainties over the group's capital structure. Finally Lex looks at the next step in the Sime Darby/Guthrie saga now that Guthrie has won shareholders' approval from its acquisition plans. On the inside pages **Coral's** preliminary results come in for examination and among other company results are some poor figures from **Brocks, Higgs and Hill** and **Albert Martin.**

Second half fall at De Vere

A REDUCTION in the number of foreign visitors affected London operations of **De Vere Hotels and Restaurants**, and pre-tax profits for 1979 were down from £2.21m to £1.94m. The second-half figures showed a substantial drop, falling from £1.16m to £639,328.

The year's pre-tax profit is arrived at after higher cost of repairs and renewals which amounted to £1.95m against £1.57m.

Despite the falling off in London trade, provincial hotels enjoyed a record year, and the directors say the group is well placed to meet the economic uncertainties forecast for 1980.

After tax down from £1.06m to £801,056 and an extraordinary credit £17,378 (£161,805), stated earnings per 25p share are 9.8p (10p) but the final dividend is up from 2.9662p to 3p, making the total 6p (5.1956p).

Benford Concrete at £2.99m

SECOND-HALF profitability at **Benford Concrete Machinery** was little changed at £1.7m against £1.67m last time, but reflecting the fall in the first six months, 1979 pre-tax profits were down at £2.99m, compared with £3.27m. Turnover for the year, however, improved from £20.45m to £21.12m.

Yearly earnings per 10p share decreased from 10.06p to 6.44p, but, asforecast, the dividend total is stepped up to 2.625p (2.028p) net with a final of 1.75p.

With SSAP 15 adopted, tax charge rose from £1.04m to £1.57m giving net profits reduced from £2.23m to £1.43m. Comparatives are restated.

For 1979, tax of £235,000 has been transferred from deferred tax reserve in respect of the withdrawal of stock appreciation relief previously received. Otherwise no amount for deferred tax has been included.

Following adoption of SSAP 15, deferred tax of £1.5m has been released to reserve which now totals £11.95m.

Bentalls profits fall £0.6m

PRE-TAX profits of **Bentalls**, department stores operator, declined to £2.25m in the 52 weeks to February 2, 1980, compared with £2.91m for 53 weeks. Turnover, excluding VAT, was up from £41.71m to £44.36m.

The dividend is lifted to 1.35p (1.318p) with a 1.05p final.

The surplus is struck after exceptional credits of £101,000 (£16,000) which include refunds of general rates relating to previous years.

Stock relief and capital allowances on the substantial expenditure on a new store at Chatham and modernisation of the Kingston one have resulted in a much lower tax charge this time of £324,000 (£1.26m).

After an extraordinary credit of £99,000 (£13,000), which reflects the net surplus on sales of freehold properties, the retained profit is higher at £1.46m (£1.12m).

Earnings per 10p share are shown as 5.39p (6.98p) before tax and 4.61p (3.95p) after.

CLUFF INCREASES STAKE IN C.C.P.

Cluff Oil has purchased a further 100,000 shares in CCP North Sea Associates bringing its total holding to 2.1m shares (26.8 per cent). In the group's last accounts, Cluff Oil said that CCP held a 6.35 per cent net production in the Buchan oil field. CCP is applying in concert with Cluff Oil for blocks in the seventh round of North Sea oil block licensing.

Coral Leisure surges on towards £25m at year-end

PRE-TAX profits of the **Coral Leisure Group** increased £3.04m to £24.82m in the 53 weeks to January 3, 1980. The profits include some £1.4m arising from the sale of the remainder of the group's investment in Associated Leisure, and from the sale of certain properties which were not required for trading purposes.

The group, which takes in a betting shop chain, casinos, greyhound stadia and Pontin's holiday centres and hotels, reports turnover up 18 per cent to £366m, despite unfavourable weather conditions in teh early part of the year when bingo and racing operations suffered a considerable setback. In the first half, pre-tax profits fell from £7.15m to £5.85m.

After tax slightly lower at £9.64m (£9.74m), and minorities £927,000 (£735,000), stated earnings per 10p share for the year have increased from 13.41p to 16.9p, and the final dividend is raised from 3.7p to 4p, making the total 7.4477p (6.7p).

Group trading profit was up from £26.16m to £30.91m, but interest charges were almost £2m higher at £6.23m. Contributions to turnover and trading profit were: casinos £32.34m (£22.46m) and £11.17m (£7.12m); entertainments £11.23m (£9.65m) and £2.45m (£2.12m); holidays £65.43m (£49.79m) and £9.51m (£8.56m); hotels £37.84m (£32.9m) and £2.63m (£2.64m); racing £215.33m (£186.75m) and Q5.2m (£6.3m); other £3.97m (£7.58m) and £2.4m (£1.43m(. Group overheads were 2.4m against £1.99m.

Net assets were £132.16m (£114.82m) and overdrafts and short term loans £15.82m (£20.83m).

The group disposed of its subsidiary, Ambrose Builders, during the year because of the worsening of trading conditions in the residential housing market. The sale realised a surplus, after providing for tax, of £639,000, which hase been treated as a reduction of the goodwill arising on the purchase of Pontin's.

In other deals, the group acquired a 12-court squash club at Luton, purchased a four-star hotel in Aberdeen and a fourth provincial casino in Liverpool. A number of refurbishments were also undertaken in several of its existing hotels and holiday villages.

Mr. Nicholas Coral, the chairman, says in his report that the present economic climate dictates some caution in the group's investment policy in the current year. It will not fail to seize any opportunities, however, that demonstrate future growth and profit.

He says that in the first 12 weeks of trading in the current year, holiday bookings are in line with expectations, and turnover and profit of betting shops are both well ahead of budget.

Hotel and casino profits are somewhat disappointing, although Coral Index is performing well in difficult markets.

The newly-constituted entertainments division, embracing bingo, greyhound racing, squash and marine interests, and now including a newly-formed company catering for sports development courses for young people, is comfortably ahead of its planned profits for the period, says Mr. Coral.

● comment

Lower racing profits due to early bad weather, a flat year in hotels, and higher interest charges held Coral to a 7 per cent increase in pre-tax profits, stripping out share and asset sale surpluses. Casinos moved ahead strongly, but profits in the current year are weaker apparently due to a handful of recent big winners. Total borrowings are now £54.4m against net shareholders' funds of £64.4m. Reduction of the uncomfortably high gearing must be this year's target. There is much muttering about a Centre Hotels sale, but this must be overshadowed in management minds for the time being by casino licensing problems. The four London casinos probably chipped in around 90 per cent of the division's £11.2m trading profit. The *historic fully-taxed* p5e is 4.9, on a 16.6 per cent yield.

Ultramar growth to continue

THE CHAIRMAN of **Ultramar** yesterday predicted good prospects for 1980. Mr. Campbell Nelson, in the company's annual report, said that he would report "excellent results for the first quarter" at the May 9 annual meeting, and that, despite inflation and high interest rates, the current year could be expected to continue last year's profits growth.

Pre-tax earnings doubled last year to £75.4m on sales which topped £1bn for the first time. The group has widespread interests, which range from oil exploration to downstream activities.

Mr. Nelson said yesterday that Ultramar would be involved in the Seventh Round of North Sea block bidding. He agreed that one of the company's partners, to be announced by early May, would be "an overseas major."

Citing the experience of the Oppenheimer involvement in Consolidated Gold Fields shares, Mr. Nelson said that shareholders would be asked to amend the articles to include a provision which could disenfranchise beneficial owners who did not disclose their identity and extent of interest.

Mr. Nelson said that this would be proposed in order to "put teeth into the provisions about the disclosure of beneficial interests."

"We do like to know who owns the shares. Sometimes we write to nominees asking the names of beneficial owners and don't even get an answer," he said.

Turning to Ultramar's on-shore U.K. oil exploration interests, Mr. Nelson said that in partnership with Amoco, drilling would begin next year in an area "about 50 miles north of Southampton."

According to the 1979 balance sheet, Ultramar's net current assets rose to £54.3m against £20.8m in 1978.

Tharsis slips but pays more

TAXABLE PROFITS of **Tharsis Sulphur and Copper Company**, which engages in pyrite mining in Spain, slipped from £1.35m to £1.27m in 1979, on turnover of £11.94 against £10.39m.

Last year's surplus was struck before deduction of an exceptional item of £1.75m, being provision for compensation for the early retirement of some 220 employees.

A proposed second interim dividend of 6p, in lieu of final, will lift the year's total payout to 12p gross, although this is subject to Spanish exchange control authority permission to transfer the necessary funds. The dividend was passed in 1978.

The surplus this time is struck after depreciation of £442,514 (£425,304) and includes profits on the development of non-industrial land of £45,596 (£97,381).

Earnings per £2 share are shown as 37.79p (36.13p) after tax of £289,054 (£401,589) but excluding the exceptional item.

It is hoped that the accounts, together with documents relating to the proposed reconstruction of the company to comply with Spanish mining law, will be posted about May 30, say the directors.

INVESTMENT TRUSTS

CSC INVESTMENT TRUST—Final dividend for 1979 3.75p (2.75p) net, making total 6.5p (5.25p). Gross revenue £246,214 (£203,520), pre-tax revenue £174,423 (£124,387). Tax £53,921 (£41,426), dividends £101,868 (£73,710). Net asset value per 25p share 136.7p (108.99p).

GENERAL SCOTTISH TRUST—Final dividend for year ended March 31, 1980, 3p (2.5p) net, making total 5p (4p). Earnings per 25p share 5.279p (4.329p). Gros revenue £1,031,756 (£886,292). After interest £126,064 (£122,127), tax £302,665 (£276,679), available for ordinary £518,720 (£422,673). Dividends £491,324 (£386,690). A one-for-one scrip issue is proposed. Net asset value per share 121.2p (130.2p) assuming full conversion of loan stock and deducting prior charges at market value.

SCOTTISH MORTGAGE AND TRUST CO.—Final dividend for year ended March 31, 1980, 3.4p (2.5p) net, making total 5.2p (3.9p). Earnings per 25p share 5.38p (3.99p), including 0.3p from special oil company dividends. Gross income £7,540,167 (£6,733,261), pre-tax revenue £6,435,997 (£4,956,268). Net asset value per share 143.5p (160.3p) deducting prior charges at par.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Astbury and Madeley	2.58	—	1.5	3.25	2.0
Benford Concrete	1.75	May 23	1.36	2.63	2.03
Bentalls	1.05	June 4	1.02	1.35	1.32
Brocks	Nil	—	1.88*	1.28	3.17*
S. Casket ...int	0.5	June 25	0.5	—	1.75
Coral Leisure	4	May 30	3.7	7.45	6.7
C.S.C. Investment	3.75	May 21	2.75	6.5	5.25
De Vere Hotels	3	July 1	2.97	6	5.2
East Rand Gold	85¶	June 6	25	110	25
A. R. Findlay	0.5	May 30	1.29	1.0	2.1
Free State Geduld ...int	475¶	June 6	185	—	420
General Scottish	3	July 2	2.5	5	4
Higgs and Hill	1.95	June 13	1.64	3.85	3.86
H. and J. Hill	Nil	—	0.75	Nil	1.25
Hunting Petroleum	4	—	3.25	5.5	4.65
Leadenhall Sterling	1.88	June 18	1.68*	3.13	2.57*
Lee Refrigeration	2.35	June 7	1.85	3.7	2.9
London and Holyrood	3.5	July 25	2.95	5.5‖	4.2
London and Provncl.	3.2	July 25	2.7	5.2‖	3.95
Wm. Low ...int	2.1	May 23	2.1	—	7
Thos. Marshall	1.58	—	1.58	2.78	2.78
A. Martin	2.5	July 1	2.45	4.3	4.13
Midland Industries	1	June 30	0.63	3§	1.16
NEI	2.5	July 7	2.5*	3.75	3.75*
President Brand ...int	320¶	June 6	115	—	295
President Steyn ...int	280¶	June 6	65	—	182.5
Scottish Mortgage	3.4	June 26	2.5	5.2	3.9
Tharsis ...2nd int	6‡	—	Nil	12‡	Nil
Welkom Gold ...int	130¶	June 6	42.5	—	110
Western Hldgs. ...int	675¶	June 6	270	—	645

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross amounts, subject to Spanish exchange control authority permission. § For 15 months. ¶ South African cents throughout. ‖ Includes non-recurring 0.4p already paid.

Brocks omits final as profits tumble

SECOND-HALF losses of £121,823, against profits of £461,013, left taxable profits of *the Brocks Group of Companies* substantially lower for 1979 at £298,479 compared with £958,289.

The final dividend is being omitted, leaving the interim payment of 1.283p net as the year's total. Last time a total equivalent to 3.167p was paid.

The electronics and security group incurred a net loss of £1.1m (£1.19m profit) after tax and an extraordinary debit of £1.21m (£0.26m credit) relating to provisions for terminal losses on the proposed ending of certain product lines during 1980.

The tax charge amounted to £192,727 (£32,350), and included £151,154 prior year ACT written off. Earnings per 10p share are given as 2.29p (9.11p).

Group turnover amounted to £6.59m (£6.12m). Mr. C. M. Banks, chairman, says sales of Brocks marine equipment were hit by the strong pound, a general recession in the yachting and boating industry, and high interest rates.

In addition, substantial provisions have been made against terminal losses arising directly as a result of the Far Eastern products now being dumped in Europe. The board is confident this action was necessary to stabilise the group's trading and to strengthen prospects.

● comment

The bad figures from Brocks are not exactly unheralded. The shares had fallen from 57p last Friday to 40p ahead of the announcement. The problems are centred around the marine electronics side, with difficulties on car radios thrown in for good measure. In fact the original Brocks—putting aside Pelco which came in which the new chairman a year ago— is in a very sorry state. U.S. demand for marine radios, etc., collapsed, and then came dumping of VHF radios from the Far East. All the £1.2m extraordinary item relates to the write-down of stocks and the current rationalisation of the marine side. Car radio production is also being run down. That leaves the higher technology Pelco, Dynamics and Pern (acquired last November) to see Brocks *through. These could* make around £600,000 this year, but what will be left of the marine side, such as radar, could continue to drag. The other factor will be how quickly Brocks offloads some of its stocks (fully written down) and reduces debt. The accounts will show borrowings of £2.4m against net shareholders' funds of £5.5m At 45p Brocks is still on a very high rating—a prospective p/e of around 20 fully taxed, but it does seem to be over the worse.

A. Findlay cuts final

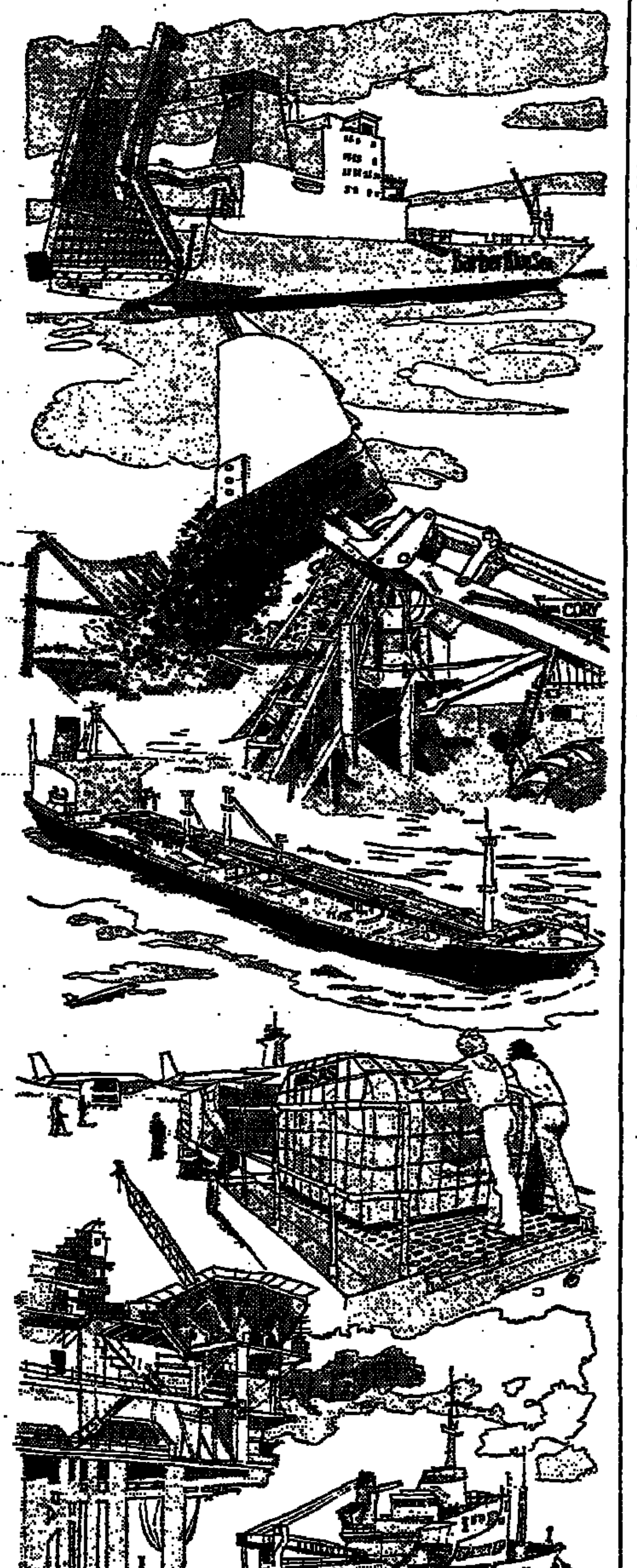
Substantially higher second-half profits failed to offset the midway decline at Andrew R. Findlay and 1979 finished with the taxable surplus down from £292,000 to £211,000. Interest increased to £491,000 against £277,000.

The final dividend is being cut from 1.287p to 0.5p net, leaving the total at 1p, against 2.0977p.

Mr. W. P. Findlay, chairman of the tools and hardware distributor, says that, when viewed in the context of the reorganisation programme, the profits fall "is a setback which can be to some extent used to improve our future performance."

On the cut in the final payment, he says a reduction in group borrowing levels has been set as a major objective and the initial effect of the directors' efforts is encouraging. They will pursue a policy of raising the level of future dividends as soon as the results of present actions show the necessary improvements in the group's cash and profit positions.

Earnings per 25p share are given as 2.3p (3.8p), after tax of £23,000, against £62,000.



OFS gold mines boost interim dividends

BY KENNETH MARSTON, MINING EDITOR

BIG INCREASES in the interim dividends for the current year to September 30 are announced by the Orange Free State gold and uranium mines in the Anglo American Corporation group.

Outstanding among them is the 675 cents (380p) declared by Western Holdings. This far exceeds recent widely varying sharemarket estimates and compares with only 270 cents a year ago and the subsequent final of 375 cents.

President Steyn also appears to have left the forecasters behind with an interim of 280 cents against a mere 65 cents last time. Also impressive is the interim from President Brand of 320 cents against 115 cents.

Welkom is at the top end of most estimates with a payment of 130 cents against 42½ cents a year ago while Free State Geduld is boosting its latest interim to 475 cents from 185 cents. The latest dividends, which are payable on June 5, are compared in the following table.

	1980 Int. cents	1979 final cents	1979 Int. cents	1978 final cents
F.S. Geduld	475	235	185	185
Pres. Brand	320	108	115	85
Pres. Steyn	280	117.5	65	50
W. Holdings	675	375	270	225
Welkom	130	67.5	42.5	40

The young East Rand Gold and Uranium (Ergo) dumps retreatment operation is declaring a better than expected final dividend of 85 cents which makes a total of 110 cents for the year to March 31 last. For the previous year there was a maiden dividend of 25 cents.

The latest high dividend distributions are underlined by sharply increased net profits from the mines in the March quarter when the average gold price received was about $635 per troy ounce compared with just over $400 in the previous three months. Prices received by individual mines vary quite sharply as the following table shows.

Agreement has been reached between Anglo-Transvaal Consolidated Investment and Caltex Oil (South Africa) for a joint investigation into the production and distribution of methanol from coal. This programme to look into the is part of Anglo-Vaal's programme to look into the prospects for economical production of methanol from the South African group's coal deposits in the Witbank area.

The big General Mining group is also interested in oil-from-coal possibilities. The chairman, Dr. W. J. de Villiers, has said that the Northern Transvaal coalfield—which also contains possibly economic uranium reserves—has coal suitable for a wide variety of uses, particularly direct liquefaction for the production of diesel fuel.

GOLD PRICE RECEIVED (R per kilogramme—$ per ounce)—

	Quarter ended March 31	Quarter ended Dec. 31
ERGO	R18,575 ($636)	R10,723 ($403)
Elandsrand	R18,494 ($634)	R10,791 ($406)
F.S. Geduld	R18,336 ($626)	R10,782 ($405)
F.S. Saaiplaas	R18,508 ($632)	R10,861 ($408)
President Steyn	R18,380 ($628)	R10,870 ($409)
S.A. Land	R17,005 ($652)	R10,944 ($411)
Vaal Reefs	R17,372 ($668)	R10,672 ($401)
Welkom	R18,588 ($636)	R10,848 ($408)
Western Deep	R17,625 ($673)	R10,830 ($407)
Western Hldgs.	R18,417 ($631)	R10,875 ($403)

As in the cases of the other South African gold groups, the high March quarter earnings have been achieved in the face of advancing tax charges and the trend towards mining lower grade ore. Latest quarterly net profits are compared in the following table.

	March qtr. R000	Dec. qtr. R000	Sept. qtr. R000
East Dagga.	25	69	8
ERGO	28,471	15,532	11,281
Elandsrand	12,520	4,713	2,007
F.S. Geduld	49,424	33,800	28,851
F.S. Saaiplaas	7,840	5,058	12,473
Pres. Brand	46,963	32,726	35,147
Pres. Steyn	32,021	22,865	20,023
S.A. Land	1,331	829	519
Vaal Reefs	81,023	77,283	46,290
Welkom	12,102	7,682	7,298
W. Deep	70,784	59,358	39,096
W. Holdings	35,729	20,024	19,565

The new Elandsrand shows up notably well in the profits table thanks to rising production; the start of tax payments is a long way off because of the offsetting past capital expenditure which has yet to be amortised. Ergo has also made good progress while Western Holdings has come out particularly well.

On the other hand, a sharply increased rate of tax—based on a sliding-scale formula—has heavily bitten into earnings of Vaal Reefs which has also suffered a fall in uranium revenue. The royalties payable to Southvaal Holdings have rather more than doubled to R48.4m (R27.3m).

Western Deep has suffered a doubled tax charge but now that the mine is launching a R715m expansion, the resultant tax offset of such high expenditure will begin to take over. Finally, the group's OFS Joint Metallurgical Scheme uranium-gold operation, which has now completed its plant expansion, has done a little better

Falconbridge Nickel

CANADA'S Falconbridge Nickel Mines has made a strong start to this year with a first-quarter net income of C$34m (£13m), or C$6.49 per share, compared with C$17.1m in the first quarter of 1978, reports John Soganich from Toronto.

In addition, the group made a profit last quarter of C$37.7m net of tax on the sale of its shares in Superior Oil.

Nickel production at the Sudbury, Ontario, operations is to be increased to around 80 per cent of capacity by the end of this year. In 1978 output gradually recovered in line with improving market conditions to reach 60 per cent of capacity.

The Falconbridge president, Mr. Marsh A. Cooper, expects that 1980 "will be another good year for the Falconbridge organisation." The demand for most of its products remains strong, although the optimism which greeted 1980 has been tempered by the decline in gold and silver prices and the rise in interest rates.

Mr. Cooper remains "convinced" that the long-term future for the company is "very bright."

ROUND-UP

The Rio Tinto-Zinc group's big Bougainville copper-gold mine in Papua New Guinea expects the decline in its already low ore grades to diminish during coming months. Metal production will still be lower than in 1979 and, as originally envisaged, the general trend of declining ore grades will continue for the life of the operation. The chairman says, however, that unless metal prices "dip sharply" in the remaining months of this year, profits should show a further rise.

* * *

America's Freeport Minerals expects that first quarter earnings will come out at a record of about $35m (£16m). In the period agricultural minerals accounted for about three-quarters of the total revenue following improved sales of sulphur, phosphoric acid and potash. Oil and gas earnings rose to around $4.5m from $2.9m. A 37.1 per cent stake in the company is held by McIntyre Mines.

* * *

The Lonrho group's Western Platinum Holdings made a working profit of R15.67m (£8.8m) in the six months to March 31 compared with R6.64m.

Tilling plans another U.S. buy

Thomas Tilling, one of Britain's largest industrial holding groups, is continuing its acquisition programme in the U.S. with the planned $20m purchase of Electric Supplies Distributing Company of San Diego, California.

Tilling said yesterday that agreement had been reached in principle for the purchase. The deal was subject to the approval of the Boards of both groups and the U.S. regulatory authorities.

Electric Supplies is a wholly-owned subsidiary of Heath Tecna Corporation of Seattle, Washington. The company is principally engaged in the wholesale distribution of a wide range of electrical equipment to industrial users and electrical contractors through 11 branches in Southern California and branches in Phoenix and Tucson, Arizona.

The company also distributes plumbing supplies and Zenith television and audio equipment. For the year ended January 31, 1980, Electric Supplies achieved sales of $75m and pre-tax profits of $3.8m.

Tilling's existing interests in the wholesaling of electrical and technical equipment are managed through Newey and Eyre Group with headquarters in Birmingham and branches throughout the UK. These interests also include Summers Electric Company, based in Dallas, Texas, and the Southern United States and Glasco Electric Company of St. Louis, Missouri.

When completed, the deal would provide Tilling with increased geographical coverage in the U.S. by establishing a new centre of operations on the West coast.

Insurance brokers in merger talks

TWO insurance brokers, with Lloyd's of London interests, are planning to merge. Hartley Cooper Holdings, a group which has been established for 100 years, is in exploratory merger talks with Benfield Lovick and Rees.

If they merge the new group would show combined pre-tax profits of over £1m on brokerage and commission of around £5m.

The move marks another regrouping in the volatile insurance broking sector. Hartley Cooper already has an established equity link with Chubb Corporation of the U.S., a large insurance concern. Chubb holds 25.5 per cent of the equity of Hartley Cooper but whether Chubb intends to maintain its stake at that level in the newly merged group is not known.

TRICENTROL IN NORTH AMERICA

TRICENTROL, the UK-based oil and commercial group, has called an extraordinary meeting on May 9 to seek approval from shareholders to issue shares in North America.

The proceeds from the offer, which could top £30m, will be used to expand its oil and gas activities through a number of acquisitions in North America.

The number of shares to be offered will not exceed 12.5m, representing up to 23.1 per cent of the existing issued ordinary shares. The price will be close to the middle market quotation of the shares on the London market at the time of the offer.

Yesterday Tricentrol's shares were standing at 308p, up 6p.

BURTON DIRECTORS' SHARE SALES

The following directors of Burton Group sold shares as follows on April 11 from their beneficial holdings.

Mr. Ralph M. Halpern, 380,000 at 114p; Mr. Brian S. North, 100,000 at 114p; Mr. Ladislas O. Rice, 100,000 at 117p.

The following directors sold shares as follows on April 15 from three charitable trust holdings in which they have non-beneficial interests.

Mr. Arnold J. Burton, 64,285 at 116p; Mr. Raymond M. Burton, 294,285 at 116p; Mr. Stanley H. Burton, 116,685 at 116p.

NEB BACKING

The National Enterprise Board, through its North-West Region Board, has invested £30,000 in Barlin Consumer Products, a small Bolton-based company.

The money will complement additional funds being provided from private sector sources of finance and will enable Barlin to expand its manufacturing capacity and provide additional working capital.

Barlin manufactures electrical convector heatersand traditional fuel-effect fires, marketing them through larger whoesale oualets.

Eagle Star sells 70% of Barbados stake

Eagle Star Insurance, a member of Eagle Star Holdings, has sold 70 per cent of its shareholding in its Barbadian subsidiary, Barbados Fire and General Insurance Company, to the local company, Life of Barbados. It is keeping the remaining 30 per cent holding.

Sir Denis Mountain, chairman of Eagle Star, said the move was being made in recognition of the wishes of the Barbados Government over the ownership of Barbadian financial institutions.

Eagle Star acquired virtually 100 per cent of Barbados Fire and General from local shareholders in 1963. The company, one of the oldest general insurance companies in the Commonwealth Caribbean, had gross assets of Barbados $7.6m (£1.7m) at end-1979 and a premium income of $4.7m (£1.06m).

REMBIE RUBBER

The date for completion for the sale of rubber land in Malaysia by Rembie Rubber Company has been extended to June 16, 1980 because consent of Malaysian authorities has not yet been received. Rembie entered into a conditional agreement for the sale of about 135 acres last October.

Sobranie pulls out of tobacco

Sobranie (Holdings) yesterday agreed to sell its tobacco licence interests and stocks of leaf and materials to Gallaher for £1.2m. This includes a cash consideration of £400,000 and the purchase of stocks for about £800,000.

The disposals to Gallaher represent the effective withdrawal from Sullivan and Sobranie brand name involvement. Sobranie will continue to manufacture tobacco products for Gallaher in the short term. A decision is to be taken in the future about whether to alter this arrangement and on the realisation of the remaining assets of the tobacco business. This will leave Sobranie with some private contract "own-label" customers.

Of the £1.2m, about £0.55m will be applied by Sobranie to the elimination of bank overdrafts; the balance of £0.65m is to be deployed in the money markets initially.

The agreement is conditional upon the approval of ordinary shareholders at a meeting to be scheduled for mid-May. The Sobranie shares were suspended on March 26 at 40p. Dealings in the shares are to resume this morning.

GLAMORGAN PROPS.

The offer by Glamorganshire Property Company for Cardiff and Provincial Properties has been declared unconditional and will remain open until April 30. Glamorgan and others acting in concert now control 236,757 shares in Cardiff (50.11 per cent).

Oilfield operations hoist Hunting Petroleum

PRE-TAX profits of Hunting Petroleum Services improved from £2.06m to £2.93m during 1979 on turnover up from £139.39m to £163.1m.

Mr. Clive Hunting, the chairman, attributes the increase to the performance of the group's oilfield service company, and the fuel distribution and broking activities showed a good profit achievement.

The better contributions came from the European business, and not from North America where the decline in the U.S. and Canadian dollars continued to plague the group.

Crude oil marketing, storage and distribution provided the bulk of the turnover and improved from £120.65m to £137.3m, but profits of this section fell from £863,000 to £599,000. Other divisional turnover and profit: drilling and other oilfield services (UK) £8.72m (£7.55m) and £792,000 (£373,000), other £3.23m (£1.41m) and £404,000 (£218,000); heating oil distribution £10.83m (£7.48m) and £432,000 (£81,000); oil broking and storage £1.78m (£1.1m) and £430,000 (£271,000); oil and gas exploration and development £1.21m (£1.2m) and £273,000 (same).

After tax up from £618,000 to £966,000, stated earnings per 25p share are 17.86p basic (13.98p) and 15.8p fully diluted (12.23p), and the final dividend is raised from 3.25p to 4p making the total 5.5p against 4.65p. SSAP 15 has been adopted and comparisons made accordingly.

Looking ahead, the chairman says he expects 1980 to show an improvement on the previous year and the group looks forward to continued expansion in future years.

● comment

The oil-related service business can be a good one to be in as shown by Hunting Petroleum with its 41 per cent pre-tax rise. The earnings progress can be traced partly to doubled income in drilling and other oilfield services. Hunting has a sizeable chunk of the market in North Sea turbo-drilling and this has been very lucrative. Heating oil distribution in the UK also turned out to be helpful; the group increased these profits eight times, although this included some stock profit. Finally, the group's French oil broking business did well. Canadian, crude oil marketing and storage suffered from a lack of volume in the pipeline business and from exchange translation difficulties. Interest charges meanwhile, rose to around £750,000 last year. The dividend is up 18.3 per cent, for a yield of 5.6 per cent at 144p, up 6p, and the p/e on fully diluted earnings comes to 8.9.

Amstrad well oversubscribed

The offer for sale of 2.3m ordinary shares of Amstrad Consumer Electronics, the hi-fi and in-car entertainments group, was oversubscribed about 10 times when applications closed yesterday, according to Kleinwort, Benson, the issuing house.

Full details will be announced today along with the basis of allotment. Dealings are due to start next Wednesday.

The offer, which represented 25 per cent of the equity, was pitched at 85p per share, putting a price tag on the company of almost £8m.

A spokesman said applications included an across-the-board response from both institutions and small investors.

Over £1.2m at Astbury & Madeley

TAXABLE PROFITS of Astbury and Madeley (Holdings) rose from £1.01m to £1.21m in 1979, on increased turnover of £11.72m, against £9.09m.

Mid-term pre-tax profits were ahead to £525,000 (£420,000), but the directors warned of the possible effects of the engineers' dispute on second-half results.

After a reduced full-year tax charge of £257,377 (£335,626), stated earnings per 20p share are up from 14.65p to 18.96p. The net total dividend is raised to 3.25p (2p), with a final of 2.583p.

Principal activity of the group is stockholding and distribution of a range of equipment used by industrial and central heating engineers, plant maintenance engineers, and plumbers.

TI redirecting its resources

THE DIFFICULT economic environment has suprred on Tube Investments, the international engineering group, with its plans for directing resources into those businessareas with expansion potential.

This involves examining critically those subject to fierce import competition or diminished overseas potential and withdrawing and redeploying resources from some which are not central to the group's strategies or seem likely to develop more successfully as part of other organisations, says Sir Brian Kellett, the chairman, in his annual statement.

Aluminium and domestic appliances are examples where large investments in recent years to expand and modernise processes and products have been rewarded with good profits, he adds.

In 1979, the group's cycle business felt the full force of the strong pound and high interest rates, which together with depressed market conditions in Nigeria and disruption of markets in Iran, produced a first-half loss. Production was disrupted in the autumn by the national engineering dispute, which resulted in increased imports and meant a substantial loss for the year.

Sir Brian says it will be a hard fight to win back the lost market share, but adds that the necessary response to this situation is to concentrate the financial and manufacturing resources of the cycle business on the more secure and profitable markets.

This will require some re-arrangement of manufacturing operations, but the extent of this process of retrenchment will depend on the duration and prospects of continued strong exchange and high interest rates.

A degree of concentration of resources have also been called for in the area of steelmaking and primary tubemaking. At Round Oak, capital spending has been incurred to develop a smaller but more viable business and numbers employed are being reduced substantially.

There has also been significant rationalisation and streamlining in the steel tube companies.

Group pre-tax profits last year tumbled from £80m to £52.2m, on external sales ahead at £1.21bn (£1.11bn). However, the chairman estimates that but for the national road haulage and engineering strike, 1979 profits would have been close to the previous year's.

On the problems of manufacturing industry in the UK, Sir Brian says the Government must realise that some sectors of manufacturing industry may not survive in sufficient strength to play their part in national recovery in due course. He adds that help could be given, at least in relation to interest rates fo rexports.

Meeting, Birmingham, May 12, at noon.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Arlen Electrical, British Empire Securities and General Trust, Lowland Investment.

Finals:—Boosey and Hawkes, Clayton Son, Lowland Drapery, Francis Shaw.

FUTURE DATES

Interims:—

Bailey (Ben) Construction	April 24
Lloyds and Scottish	May 15
Long and Hambly	April 23
Ransome Hoffman Pollard	†May 8

Finals:—

Amalg. Power Engineering	April 24
Cole (R. H.)	April 25
Deritend Stamping	May 14
Flight Refuelling	April 24
Hoveringham	May 8
Jassel, Toynbee	April 30
London and European	April 23
Martin-Black	May 1
Newarthill	May 1
Simon Engineering	April 28
Wight Holdings	April 23

† Amended.

JAMES LATHAM

James Latham has acquired Peerless and Son (Timber), timber merchants of Shoreham, Sussex, for £79,00 cash.

R. Dutch/Shell starts well and sees good year

A GOOD year was predicted for Royal Dutch/Shell Group of Companies yesterday. Despite OPEC production cutbacks the group expects the total oil situation in 1980 to be reasonably balanced.

The Shell companies have made a satisfactory start to the year and, following the first quarter price increase, margins were acceptable.

However in his statement with the annual report Mr. P. B. Baxendell, chairman of "Shell" Transport warns that capital requirement will grow even more rapidly than they did over the last decade and to meet them earnings are essential. In the years 1970 to 1979 the group's total earnings were £10bn compared with capital investment and working capital increases of about £20bn.

In 1979 the group's capital exploration spending was £4.43bn and its activities in the British sector produced a positive cash flow for the first time. Shell UK has so far spent £1.75bn and sees further heavy capital spending ahead.

Future investment worldwide will not only bed irected to finding new supplies but will also be needed for refining facilities to improve the yield of the more valuable lighter oil product, Mr. Baxenhall says.

Belridge Oil Company, acquired last December for $3.65bn will have a profound impact on Shell Oil in the U.S. With further substantial capital spending large earnings are expected from the acquisition for a very long period.

As reported March 7 group net income climbed to £3.05bn (£1.09bn) of which Shell Transport's share was £1.24bn (£411m). On a current cost basis income is reduced to £718m mainly by £876m extra costs and £1.54bn additional depreciation.

Meeting, Shell Centre, SE, on May 20 at 1.30 a.m.

R-R Motors hit by U.S. measures

SHAREHOLDERS OF Rolls-Royce Motors (Holdings) were warned at yesterday's annual meeting by Mr. I. J. Fraser, the group chairman, that the American subsidiary had suffered a serious setback in sales in the last four weeks.

Mr. Fraser said the effect of President Carter's measures had been to reduce demand for consumer and durable goods in general and motor vehicles in particular. It was difficult to predict how long the effect of those anti-inflationary measures would continue.

Thomas Marshall reduced

AS FORECAST at midway, the second half of 1979 brought an improved performance from Thomas Marshall and Company (Loxley), but this manufacturer of carbon and refractory materials finished the year with pre-tax profits down from £1,140,397 to £424,399. At midway the surplus was £125,000 compared with £369,000.

Low demand created fierce competition during the year, state the directors, and with the strength of serling and rising costs, especially of fuel, orders are taken at unsatisfactory prices. Outside industrial disputes also took their effect.

The current year has started badly because of the steel strike, they add, but export efforts will be maintained and if inflation and interest rates fall the company may yet be able to live with high fuel prices and the strong pound.

Turnover for the year rose slightly from £16.37m to £17.27m. After a substantially lower tax charge of £13,485 (£277,636), net profit was £410,914 against £862,761.

Stated earnings per 25p share fell from 15.68p to 7.59p but the dividend is held at 2.776p net with a maintained final of 1.576p.

BANK RETURN

	Wednesday April 16 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	30,021,208	— 4,874,502
Special Deposits	115,575,000	+ 83,740,000
Bankers Deposits	595,097,398	+ 3,084,665
Reserve & other Accounts	625,170,079	— 888,398
	1,380,416,685	+ 81,061,765
ASSETS		
Government Securities	558,086,810	— 245,535,000
Advances & Other Accounts	531,819,188	+ 317,188,013
Premises Equipment & Other Secs.	167,618,471	— 879,135
Notes	22,637,598	+ 11,380,716
Coin	254,618	+ 7,171
	1,280,416,685	+ 81,061,765
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,000,000,000	— 200,000,000
In Circulation	9,977,362,402	— 211,380,716
In Banking Department	22,637,598	+ 11,380,716
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,777,857,050	— 375,594,901
Other Securities	2,211,127,850	+ 175,594,901
	10,000,000,000	— 200,000,000

Higgs & Hill in losses after £2.5m provision

A £2.5m exceptional provision against a major road contract being undertaken in Trinidad pushed Higgs and Hill into losses totalling £908,000 at the pre-tax level for 1979, compared with profits of £2.09m previously. However, the total dividend is being maintained at 3.85p net, as forecast midway, with a final of 1.95p.

Mr. E. W. Phillips, chairman, says the directors except a return to overall profits in 1980, but it is too early to give a quantified forecast.

The company's cash projection remains healthy, he adds, and, despite the difficulties of the UK construction market, new orders will achieve an increase in turnover for the current year. Sales reached £100.8m (£96.3m) in 1979.

Mid-term profits dived to £205,000 (£1.25m), which was attributable to substantially increased provisions having to be made for losses on civil engineering contracts in the UK and in Trinidad, the chairman said.

He expected second-half profits to show some improvement on the first six months. In the event, the surplus for that period was over £1m higher, stripping out the provision.

The chairman now says that in 1979 the mainstream of the company's business — UK building operations — continued to make very satisfactory profits. The property development subsidiaries, both in the UK and in France, and the house-building companies also made good progress.

The civil engineering closure is well advanced and the one remaining major contract will be completed this summer. Claim negotiations and recoveries in this subsidiary may extend for some time, and the directors have considered it prudent to make further provisions against the cost of closure.

On the Trinidad contract, he says progress on the East-West Corridor Road in the second-half has been slower than expected, both in completing the work and in resolving problems with the Government of Trinidad and Trinidad and Tobago.

● comment

It's a sad story at Higgs and Hill. The group's ill-fated Trinidad road contract has cost £2.5m above the line and was a major reason for the decision last autumn to pull out of tendering for civil engineering work at home and abroad. Last year had already started on a bad note with harsh weather and Government cut-backs. The building and property development side of the business managed a profit and it is this area which will have to produce significant future earnings for H & H. The company now says it expects to be back in the black by the interim stage of the current year and is continuing to wrap up civil engineering operations. The dividend has been maintained, uncovered, and yields 11.9 per cent at 48p, down 5p.

William Low steady in first half

Despite interest charges up from £113,122 to £187,559, pre-tax profits of William Low and Co., supermarket operator, were virtually unchanged at £928,918 in the 28 weeks to March 15, 1980 compared with £922,242. Turnover, showed a substantial increase, from £38.13m to £46.93m.

After tax of £483,037 (£479,566), the interim dividend is unchanged at 2.1p net—last year's total was 7p from pre-tax profits of £2.22m.

The Board says much energy has been devoted to the company's development programme, and a fuller report will be given at the year-end. Low-freeze sales showed a 45 per cent increase, and the purchase of Hotco in December, 1979 will strengthen its grip on this market.

Profits for the full year will be much in line with those of the previous year.

The company has 45 supermarkets and 18 freezer centres in Scotland.

Second half spurt puts Lec ahead

WITH SECOND half pre-tax profits climbing from £566,160 to £815,799, Lec Refrigeration reports the full year's figures up from £1.56m to £1.62m. Turnover improved from £26.85m to £27.3m.

After tax £528,052, against £786,041, stated earnings per 25p share are up from 12.82p to 18.02p, and the final dividend is raised from 1.84522p to 2.35p, making the total 3.7p (2.89685p).

The reduced tax charge arises as a result of a change in accounting for deferred tax and the use of a subsidiariy's prior year tax loss.

H. & J. Hill into loss and omits payment

A turnround from pre-tax profits of £56,039 to a loss of £108,392 in 1979 is reported by H. and J. Hill Group, manufacturer of drop forgings, castings and mining equipment. At midway, there was a profit of £[illegible] against £35,672.

The deficit includes a loss in the foundry division of £55,229 (£28,937 profit) and interest and administration costs of £158,961 (£123,342).

The loss per 10p share is shown as 31.42p (3.38p earnings) and the dividend is omitted—last year a total of 1.25p was paid.

S. Casket well down at halfway

THE CAUTION expressed at the last annual meeting of S. Casket (Holdings) has been borne out in the clothing group's interim figures which show a decline in pre-tax profits from £615,208 to £201,620 for the half year ended December 31, 1979.

No improvement is anticipated in the second-half results, but Mr. P. Casket, the chairman, believes this to be a short-term situation which the group will overcome and resume a steady upward profits trend.

External sales for the period improved from £8.64m to £9.11m, but trading surplus was down at £520,061 against £752,594. Like other clothing companies, Casket has been hit by record interest rates and a fall in consumer spending.

In addition, with the group having to buy merchandise some 12 months in advance, a subsequent drop in expected sales has a major impact on stock levels. To correct this position, the board has made a harsh but realistic adjustment to stock values.

The chairman says that this action will help future prospects, although current margins and profits are hit hard.

For the year ended June 30, 1979, taxable profits reached a record £1.39m.

Optimism for the future is based on the group's solid financial strength, with substantial bank facilities available to it, and strong asset base. This is further improved by a recent revaluation of the group's freehold and leasehold properties, which shows a surplus of more than £1m over book values and increases net asset value per share to some 53p.

Mr. Casket adds that the group has the means to seek suitable acquisitions to improve its base.

Tax for the half year took £105,000 (£318,000) and after minorities, the available surplus emerged at £98,345 against £296,728. The interim dividend is kept at 0.5p net—the final last time was 1.25p.

A. Martin declines to £0.92m

A FALL in the second half from £730,170 to £471,791 left 1979 taxable profits of **Albert Martin Holdings** lower at £921,791, against £1.25m previously. Midway, the directors expected that full-year results would be similar to those for 1978.

They now say trading profits showed a marginal increase, but this was more than offset by the significantly higher interest charge—up from £176,640 to £529,978—arising from the heavy capital investment programme and the rise in interest rates.

Turnover in the first quarter of 1980 has been disappointing for this clothing manufacturer, and much depends on the level of retail demand in the UK and abroad, the directors add.

However, the group is operating from a strong financial base and is well placed to take full advantage of the opportunities which will arise with an improvement in trading conditions.

The net total dividend is raised from 4.1272p to 4.3p, with a 2.5p final. Sated earnings per 25p share are lower at 11.73p (17.59p).

Sales improved from £21.48m to £25.54m. Tax took £144,665 (£109,203). The retained balance emerged at £477,519, against £865,568.

● comment

Albert Martin had expected to at least maintain profits but a disappointing fourth quarter left pre-tax earnings more than a quarter lower. Two factors conspired to produce this second successive annual downturn—the high cost of borrowing and poor retail demand, which hit important customers like Marks and Spencer (40 per cent of group sales). Unfortunately these difficulties have occurred at a time of high capital spending, so much of the extra manufacturing capacity is currently surplus to requirements. The outlook remains uncertain but the acquisition of Cooper and Roe will help sales by broadening the knitwear range. At 60p, down 6p, the shares stand at roughly half their net asset value but the p/e of 4.9 on stated earnings and yield of 10.7 per cent looks about right at the moment.

Singer and Friedlander passes £4m

PRE-TAX PROFITS after transfers to contingency reserve of Singer and Friedlander, merchant banker, rose from £2.83m to £4.03m for 1979.

Mr. A. N. Solomons, the chairman, says that the greater part of the insurance in profits relate to provisions for bad debts made in previous years and no longer required due to realisations.

He says the current years has started with a high volume of business in hand, and the board is hopeful of a satisfactory performance, although it is unlikely that the company will achieve the 1979 level of profits.

Tax during the year was substantially higher at £2.03m against £975,513. Dividands absorb £65,000 (£160,000).

The ultimate holding company of Singer and Friedlander is C. T. Bowring and Company.

Midland Industries 3p dividend

DESPITE A substantial decline in engineering profits from £421,000 to £29,000, **Midland Industries**, ironfounder and engineer, finished the 15 months to December 31, 1979, with a pre-tax surplus of £2.5m, against £2.11m for the previous 12 months.

A final dividend of 1p makes a net total of 3p, compared with 1.161094p. Dividends have been waived on 4.23m shares, amounting to £127,000 (£49,000).

Turnover was £28.94m, against £20.84m, and the profit is struck after charging depreciation of £804,000 (£441,000) and interest of £547,000 (£273,000).

Profits of the iron foundry division rose to £2.47m (£1.69m) on sales of £22.03m (£15.83m).

After higher tax of £124,000 (£49,000), an extraordinary debit of £191,000 (nil) and the £264,000 (£102,000) absorbed by dividends, the retained surplus emerges slightly lower at £1.92m (£1.96m).

Earnings per 5p share are shown up from 15.99p to 18.42p, but on an annualised basis have declined to 14.73p.

The surplus on revaluation of freehold land and buildings of £1.02m has been credited to reserves.

● comment

Annualised profits are down 5 per cent at **Midland Industries**. But the company reckons the actual figures should be treated as 12 months to fully reflect strike damage throughout the period. Foundry profits are ahead on an annualised basis, but the shortfall in engineering reflects a £270,000 loss at agricultural subsidiary MIL. The plan is to turn MIL round by moving it over to general fabrication and jobbing work, but another—smaller—loss is likely this year. Foundry capacity has doubled over the period to some 2,000 tons of castings per week with Midland looking for higher margin work like camshafts. But margins are getting tighter and the current year is proving tough. The balance sheet remains strong, with some £1.5m of loans against £11m of shareholders' funds. The p/e on stated earnings is 5.4 at 104p, with a modest 4.2 per cent yield.

Linread higher despite earlier setbacks

Pre-tax profits of Linread, manufacturer of cold forged fasteners, improved from £107,000 to £122,000 in the half-year to January 26, 1980. The figure was struck after interest up from £160,000 to £219,000 and depreciation and amortisation £222,000 against £214,000.

In his last annual report, Mr. A. H. Lynall, the chairman, said the current year had started disastrously as far as manufacturing activities in the UK were concerned. At the annual meeting, he said the best that could be hoped for was a repetition of the previous year's results, and he expected all profit to arise from overseas.

After tax up from £28,000 to £39,000 and minorities £35,000 25p share are down from 1.1p to 0.9p. The interim dividend is unchanged at 1p—last year's total was 3p from pre-tax profits of £759,000 (£612,000).

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NORTH AMERICAN NEWS

Sales increase lifts Dow

BY JOHN MAKINSON IN NEW YORK

DOW CHEMICAL, the U.S. chemicals giant, has reported a strong increase in first quarter profits, prompted by heavy demand for all its products.

Net income increased to $230.5m from $176.5m on sales up from $2.08bn to $2.81bn.

The strongest sales increase came in Europe, where revenue grew 50 per cent, and in the U.S., which recorded a 43 per cent rise.

Margins dropped slightly, however, and the group was unable to compensate fully for rising raw material costs with price increases.

The first quarter was better than Dow had expected, but the company cautions that this year's recession in the U.S. will be deeper than had been thought only a few months ago.

Dow's vice-president for finance, Mr. G. James Williams, said that the company was still convinced that it will achieve some improvement in earnings for the year. "The chemical industry will enter a recession with relatively low inventories and a good balance of supply and demand," Mr. Williams added.

Smithkline Corporation, the pharmaceuticals group, has also reported a surge in earnings for the first quarter. Net income rose to $57.8m from $52.2m while sales grew from $310.2m to $385.4m.

The company attributed the increase to strong demand for gastrointestinal products, antihypersensitive diuretics and antibiotics.

Exxon leads top 500 U.S. companies

By John Makinson

SOARING OIL prices have catapulted Exxon into a commanding position at the head of the Fortune 500 list of leading U.S. industrial companies.

The price rise had the reverse effect on Fortune's previous leader, General Motors, and all three major car companies moved down the list, which ranks companies according to sales revenue.

Exxon has headed the rankings on three previous occasions, from 1974 to 1976, but it now has a $13bn sales lead over GM and looks likely to hold its 1979 position for the foreseeable future.

The figures are distorted by a rising inflation rate, and by exceptional gains from resource industries.

Not surprisingly, the oil sector made the largest gains. Yet the most spectacular single performer was Charter Company, a highly diversified conglomerate. A major takeover pushed it up 70 places to 74th position.

The least successful company, by a wide margin, was Chrysler. It dropped from 10th to 17th position in the ranking, after reporting 1979 losses of $1.1bn. This was more than twice as high a deficit as any other in U.S. business history.

Burlington Industries upturn

BY OUR NEW YORK STAFF

BURLINGTON Industries, the largest U.S. manufacturer of textiles and clothing products, saw a sharp improvement in profit margins during the second quarter, with earnings rising 63.7 per cent to $29.8m despite an increase of only 11.7 per cent in sales.

Although the sale of the company's German subsidiary generated pre-tax losses, this was more than offset by U.S. tax credits. Stronger performance in the U.S. clothing sector also enabled the company to absorb poor performances by other European offshoots in Ireland and Italy, where markets were said to be weak.

The second quarter results brought Burlington's earnings per share for the first half to $1.61, against $1.32 at the same point a year ago.

Mr. William Klopman, the chairman and chief executive. Most of the improvement in the second half reflected a turnround in foreign currency translation, caused by the strengthening of the dollar.

Mr. William Klopman, the chairman and chief executive, said the carpets and domestic fabrics groups had turned in satisfactory performances despite the seasonal weakness caused by the slump in U.S. housing starts.

He expected the sale of Deutsche Burlington to have a positive effect on future earnings. In February, the company announced that it was selling the German subsidiary to an undisclosed buyer, and that it would withdraw its French operation fro mthe Jersey knit field.

Sales activity continued to be strong and Mr. Klopman said sales activity continued to be strong and the company order book was satisfactory, but expressed some caution about the effects on consumer spending of the Federal credit restraint programme.

Time Inc. may raise dividend

BY OUR FINANCIAL STAFF

THE LEADING magazine publisher Time Inc. which produces Fortune and many other well known periodicals, is considering increasing the dividend after earnings of $28.3m or $1 a share for the first quarter, compared with $26.6m or 95 cents a year ago. Revenue jumped from $536.1m to $664m.

But Mr. James R. Shepley the president told shareholders at the annual meeting that it will be impossible for the company to match last year's earnings in 1980 if the economic forecast of a severe recession proves correct.

In 1979, Time earned $5.15 a share fully diluted.

Company officials said the first quarter earnings improvement was due primarily to gains at Inland Container and Eastex Pulp and Paperboard operations, Home Box Office and American television and communications subsidiaries and its magazine group.

They said, however, that the building materials operations were down sharply in the quarter, reflecting lower residential construction rates and that book publishing profit margins continued to be hurt by inflation.

The company also incurred higher interest expenses. Mr. Shepley said the company expects some softness in magazine advertising in the second quarter.

Disposal pushes up Rockwell earnings

By Our New York Staff

ROCKWELL International, the U.S. engineering and electronics group, has made a net gain of around $14m on the sale of its interest in Geosource.

The sale helped push earnings to $79.7m from $66.2m for the second quarter to March 31. Sales increased from $1.55bn to $1.75bn. The figures exclude a 1979 loss of $1.3m on discontinued operations.

Rockwell's chairman and chief executive, Mr. Robert Anderson, said that there were significant earnings improvements in the general industries business, while electronics operations also showed an improvement.

A lower interest charge also helped the second quarter results, although the automotive division had significantly lower earnings and profits from aerospace were also down.

Last month, Rockwell made a £33m ($14.9m) agreed cash bid for Serck, the UK valve and heat treatment process company.

Meanwhile, the Justice Department said in Washington that it will sue Rockwell if the company continues with its plans to acquire Serck.

Assistant Attorney-General Mr. Sanford Litvack said that the Government would seek a temporary restraining order and a preliminary injunction to halt the acquisition, pending a trial. The department said the proposed acquisition would be anti-competitive.

It said that an anti-trust suit challenging the acquisition would be filed in U.S. District court in Pittsburgh on April 24 if Rockwell continued with its plans.

Belridge deal brings cut in Shell Oil credit rating

BY IAN HARGREAVES IN NEW YORK

SHELL OIL, the fourth largest U.S. oil company, has had its credit rating cut because of the effects on its balance sheet of the record breaking $3.6bn takeover last year of the Belridge Oil company.

Standard and Poor's lowered from triple A to double A plus its rating on the company's senior long-term debentures and a number of other public debt issues.

The credit rating agency said that it had acted because "the company's financial leverage has been increased and its financial protection has been reduced. A return to former levels of protection is not anticipated in the near term."

The announcement, which will increase the Shell Oils cost of borrowing slightly, added that Shell maintained "a very strong financial posture and an important industry position."

As a result of the takeover, the amount of long-term debt on Shell Oil's balance sheet at the year end increased from $1.5bn to $3.5bn. In addition, the balance sheet noted a further $1bn liability in sums to be distributed later to Belridge Oil shareholders. This was also to be financed with long-term loans.

Shell Oil is 69 per cent owned by the Dutch Shell Company.

Standard and Poor's also announced a cut in the rating on Ford Motor's public debt, following a similar move a few weeks ago by Moodys, the other main credit rating company.

American Airlines omits payout

BY JOHN MAKINSON

AMERICAN AIRLINES, the second largest U.S. air carrier, lost $41.9m in the first quarter of this year and is omitting its quarterly dividend for the first time in more than two years.

American Airlines is the first U.S. carrier to announce first quarter figures but other companies are expected to show a similar earnings deterioration, primarily because of soaring fuel costs.

The group lost $6.9m in the first quarter of last year but recovered to produce earnings of $57.4m over the full year. Helped by fare increases, first quarter sales rose from $616.3m to $845.6m.

Explaining the dividend omission, American's chairman and president, Mr. Albert V. Casey, said it was based on "the company's financial results in the first quarter, the rapid escalation of fuel costs, and the uncertain outlook for the rest of the year."

In common with other U.S. airlines, America has suffered from a contraction in passenger traffic. Mr. Casey said that scheduled passenger traffic dropped by 11.2 per cent in the first quarter of this year.

Six Eurodollar issues launched

BY FRANCIS GHILES

SIX EUROBOND issues totalling $365m, four of them fixed interest rate ones, were launched yesterday and more are expected this weekend. They include an $85m 15-year straight issue for Caisse Nationale des Autoroutes which carries a final coupon of 12½ per cent and a price of par. Joint lead managers are Goldman Sachs and Caisse des Depots et Consignations.

Goldman Sachs is also arranging a $75m fixed interest issue for McGraw Edison which runs for five years and carries a coupon of 13½ per cent. The bonds have been priced at 99½ per cent.

Morgan Stanley meanwhile is arranging a $50m 12-year issue which includes a coupon of 13½ per cent for Dome Petroleum expected to be priced at par.

Credit Suisse First Boston has purchased $75m of five-year guaranteed notes bearing interest at 13½ per cent from J. C. Penney Overseas Capital NV.

The same lead manager is arranging a $40m seven-year issue of floating rate notes for Banamex. The borrower is one of the two largest private sector banks in Mexico in terms of total assets and deposits. Total assets as of the end of last year amounted to $9bn while shareholders funds stood at $374.4m. Terms of this Fixed Rate Note issue include an interest rate pegged at ¼ per cent above the six-month Libor rate with a minimum coupon of 6¼ per cent.

Nicor Inc. plans to raise $40m in a dual convertible debenture through Nicor Overseas Finance NV, lead managed by Goldman Sachs. The 15-year bond is convertible into Nicor common stock on December 1, 1980. An additional feature gives bond holders the option once a year for five years to convert into a non-convertible debenture carrying an interest rate of 14 per cent. The conversion premium is expected to be around 20 per cent.

Deutsche Mark foreign bonds posted sharp gains yesterday. A DM 300m public issue for the European Investment Bank was launched through Deutsche Bank. The first DM 200m tranche of this issue runs for 10 years and carries a final coupon of 9¼ per cent.

The second tranche runs for 13 years and carries a coupon of 9¼ per cent. Both tranches have been priced at par. This latest issue brings the volume of new Deutsche Mark issues arranged since the last meeting of the Capital Markets sub-Committee to DM 1.14bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on April 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	88⅞	89⅞	+2	+5⅞	12.06
Alex Howden XW 9½ 91	30	66	68	0	0	16.03
Australian Res. 9⅞ 84	90	91⅞	92⅝	+3½	+6⅛	12.21
Avco O/S Cap. 10⅞ 87	40	†78½	79	+1⅛	+3½	15.37
Beneficial Fin. 9⅞ 87	100	88⅝	89⅛	+5	+8⅛	11.98
CECA Grad. Rate 12 86	100	93¾	94½	+2⅞	+4⅞	13.35
CECA 11⅞ 90	50	†90½	91½	+1⅞	+3⅞	13.30
Canadian Pacific 9⅞ 89	50	88½	89	+3¼	+6½	11.83
Carter Hawley 9¾ 86	50	89½	90	+4⅞	+7⅝	12.18
Comalco Inv. E. 10¼ 91	40	89¼	89⅞	+4½	+7⅛	11.98
Continental Grp. 9⅝ 86	100	87⅜	87⅞	+2⅞	+5¼	12.59
Dome Petroleum 10 94	50	83⅞	84⅜	+4⅞	+6⅛	12.39
Dominion Bridge 10⅞ 84	30	92⅝	93⅛	+3¼	+5	12.57
EIB 11⅝ 92	80	92½	93	+2⅞	+5⅛	12.96
EIB 10.15 99	100	*†79	80½	0	+3	13.48
Eksportfin 11⅛ 87	50	95	95½	+3⅛	+5⅛	12.30
Export Dv. Cpn. 9¾ 84	100	92⅜	92⅞	+3½	+6⅛	11.71
Export Dv. Cpn. 9⅞ 84	150	93½	94	+4⅛	+7¼	11.65
Finland 9⅝ 89	100	83⅝	84⅛	+2¼	+4	13.00
GTE Finance 9⅞ 89	55	86⅞	87⅜	+3⅛	+5⅛	12.16
GMAC 9⅞ 86	100	89⅛	89⅝	+4⅝	+7¼	11.75
GMAC O/S Fin. 11 84	100	95⅝	96⅛	+2¼	+5½	12.17
Gould Int. Fin. 9½ 85	50	†89½	90	+1½	+4½	12.68
ITT Antilles 9½ 89	75	†84	84½	+2⅛	+4⅛	12.50
Kennecott Int. 9½ 86	100	86⅞	87⅜	+2⅛	+4⅞	12.72
Manitoba 9½ 89	75	85⅛	85⅞	+3¼	+6⅛	12.23
Michelin 10 94	125	88⅛	88⅝	+3⅛	+8⅝	11.67
Nat. Dev. Telecom. 9½ 86	100	89	89½	+3½	+5¾	12.05
New Brunswick 9⅞ 94	75	84	84½	+4	+8⅞	12.14
Newfoundland 10 94	50	88⅜	88⅞	+3⅛	+7⅛	11.69
Norges Komm. 9⅞ 99	100	84⅜	84⅞	+5⅝	+7⅝	12.28
Norway 9½ 84	150	92⅞	93⅜	+3⅛	+6⅜	11.73
Nova Scotia Pwr. 9⅞ 89	50	86⅞	87⅜	+3⅛	+6	12.16
Occidental Fin. 10¼ 84	50	92¼	92¾	+1⅞	+5⅛	12.67
Pennwalt O/S F 9¾ 84	25	93½	94½	+4	+7⅝	11.89
Pepsico Cap. 9¼ 84	100	91⅞	92½	+2⅞	+5⅜	11.93
Quebec Hydro 10 99	75	83⅛	83⅝	+3	+6⅛	12.27
Sears Roebuck 9 82	150	94⅞	95⅛	+2⅞	+4⅞	12.17
Statoil 9⅞ 89	100	88½	89	+3⅝	+7⅛	11.65
Sweden 9½ 89	100	88⅛	88⅝	+3¼	+7	11.89
Sweden 9½ 86	200	89	89½	+2⅝	+4½	12.40
Sweden 9⅞ 84	100	93⅜	93⅞	+3½	+6⅞	11.71
Unilever NV 9¼ 87	100	87⅞	88⅜	+4¼	+7½	11.76
Warner-Lambert 9 84	100	91⅞	92⅛	+3⅞	+7	11.52

Average price changes... On day +3⅛ on week +6

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	†90¼	90¾	+0⅛	+0⅛	9.82
Asian Dev. Bk. 7¼ 89	100	†85	85½	+0⅞	+2⅛	9.72
Australia 8⅛ 90	250	98½	99	+1⅛	+4⅛	8.33
Barclays O'seas 8¼ 89	100	†87¾	88¼	+1⅞	+6	8.77
BFCE 7⅞ 87	100	92½	93½	+0⅝	+1	9.17
BFCE 8⅞ 85	100	92¼	93	+1⅛	+3	9.04
Brazil 8 87	150	88⅝	89¼	−0⅛	+0⅞	10.25
CECA 7 91	150	88½	88⅞	+1	+3½	8.66
Council of Eur. 7⅞ 89	100	89⅜	89⅞	+1	+2⅜	8.99
Denmark 7⅝ 86	100	†92¾	93¼	+0⅝	+1⅛	9.55
Denmark 8¼ 92	100	†90⅜	91⅛	−0⅛	+3¼	9.51
EEC 7⅞ 94	225	92⅞	93⅛	+2¼	+5¾	8.77
EIB 7½ 89	200	91½	92	+2	+3⅜	8.87
Finland Rep. of 8 86	150	93⅝	94	+0⅞	+1⅛	9.31
Kobe, City of 7⅞ 89	150	89⅝	90⅛	+1⅛	+6⅛	8.77
Neder. Gasunie 8 86	100	94¾	95¼	+0⅛	+2¼	9.07
New Zealand 7⅞ 87	200	†90½	91	+0⅞	+3¾	8.87
Norges Komm. 7¾ 91	150	†92	93	+1⅞	+5¼	8.82
Norway 7½ 85	250	96¾	97¼	+1⅛	+2¼	8.24
OKB 7⅞ 89	100	88	89⅜	+1⅛	+3⅛	9.28
Oslo, City of 8⅞ 90	80	95½	96½	+0⅛	+1	9.38
World Bank 7⅞ 91	400	91⅝	92⅛	+2	+6⅛	8.90
World Bank 7⅞ 90	250	92⅞	93⅞	+2⅛	+4⅝	8.91

Average price changes... On day +1⅛ on week +3⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	88½	89	+0⅛	+1½	7.21
Aumar 5 89	60	90	90½	+1⅞	+4	6.43
Australia 3⅞ 89	250	88⅞	89⅜	+0⅝	+2⅛	5.17
Bergen, City of 4¾ 91	40	86½	87	+0½	+2¼	6.44
BNDE 5 89	75	82	82¾	−0⅝	+1⅛	7.73
BMW Overseas 4¾ 91	100	89	89½	+0⅞	+2⅛	5.54
Caisse Nat. Tels. 4⅞ 89	100	90⅜	90⅞	+1⅛	+3¼	5.67
CCCE 5¾ 90	100	98⅜	98⅞	+0½	+2⅛	5.92
Copenhagen 4½ 91	60	82	82½	+1½	+4	6.77
Council of Eur. 5 89	100	87½	88	−0⅝	−0⅛	6.77
EIB 4½ 91	100	85	85½	−0⅛	+1⅞	6.38
EIB 4⅞ 94	100	81⅛	81⅝	−1⅛	+2⅛	6.38
Elec. de France 4⅞ 89	100	90	90½	0	+2	5.76
GZB 4¾ 89	100	86½	87	+3½	+2½	6.12
Hilti 4½ 91	35	88¾	89½	−0⅛	−0⅛	5.55
Int.-Amer. Dev. 4½ 89	100	85	85⅝	−1	+3	6.67
Jutland Tele. 5½ 90	50	97	97¼	−0⅛	+2⅛	5.36
Malaysia 5 89	80	86½	87½	+0⅛	+2⅛	8.91
Nippon Tel. & T. 4¼ 89	100	91½	92	+1½	−0½	5.38
Nordic Bank 5 88	45	92½	93	+2	+2⅝	6.04
Norges Komm. 4⅞ 91	100	85¼	86	+1⅞	+2⅞	6.15
OKB 3¾ 91	100	81½	82	+3	+6¼	6.08
OKB 4½ 91	100	88	88½	+1½	+5½	6.07
OKB 6 90	100	89¼	89⅝	+0½	+0⅞	6.05
Oslo, City of 4¾ 91	100	83¾	84¼	+0⅛	+3½	6.38
Shikoku El. Pwr. 4¾ 89	100	93¾	94¼	+0⅛	+3⅛	5.59
Steweag 4⅞ 91	60	90⅛	91⅛	+1⅛	+6½	5.88
Voest-Alpine 4⅞ 89	90	93	93½	+2	+4⅛	5.72
World Bank 4⅞ 89	100	89⅞	90⅛	+2¼	+2¼	6.04
World Bank 4⅞ 89	150	87	87¾	+2⅛	+5⅛	6.18
World Bank 4⅞ 91	100	85½	86	+1½	+4	6.40

Average price changes... On day +0⅞ on week +2⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	84	85	+0⅛	+2½	11.17
Australia 6½ 88	20	77⅛	78⅛	+4½	+4½	10.72
EIB 7¼ 89	12	88	89½	+5⅛	+8⅛	9.61
Finland 5.6 83	10	85	85½	+3⅛	+4½	10.76
Finland 6.8 88	10	77⅛	78⅛	+3⅛	+3⅛	11.02

Average price changes... On day +2⅞ on week +4¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin 10¼ 85 C$	25	77½	78¼	0	−0⅞	16.23
Bell Canada 10⅞ 85 C$	60	86⅞	87⅜	+1½	+2⅛	13.85
Cr. Foncier 10⅛ 84 C$	30	88⅛	88½	+0⅛	+0⅞	14.82
Ex. Dev. Cpn. 10 84 C$	50	87⅛	87⅝	+0⅛	+1⅛	14.28
Fst. Can. Inv. 10 84 C$	50	86½	87	+0⅛	+1⅛	14.51
Hudson Bay 10½ 89 C$	60	81⅛	81⅝	+0⅛	+2⅛	14.31
Quebec 10¼ 86 C$	50	85⅜	86⅞	+1½	+2⅛	13.80
R. Bk. Canada 10 86 C$	40	86	86½	+0⅛	+0⅛	13.44
R. Bk. Canada 10 94 C$	40	77¾	78¼	+1⅛	+2⅛	13.58
Copenhagen 8⅞ 91 EUA	20	†90	91½	+1⅞	+2⅛	10.14
M. Bk. Dnmk. 9 91 EUA	25	91	92½	−0⅛	+0⅛	10.23
SOFTE 8⅞ 89 EUA	40	82	83½	+0⅛	−0⅛	11.42
U. Bk. Nrwy. 9½ 90 EUA	18	97	98	−0⅛	0	9.90
Algemene Bk. 8¼ 84 Fl	75	†95½	96	+1	+2⅛	9.45
Ned. Gasunie 8¾ 84 Fl	50	†95	95½	0	+4	10.17
Ned. Middbk. 8¾ 84 Fl	75	†94	94½	0	+2	10.08
Norway 8¼ 84 Fl	100	†94	94½	+0⅛	+2⅛	10.09
Norway 8¼ 84 Fl	100	†94	94½	0	+2	9.88
Philips Lamps 8¼ 84 Fl	75	†95	95½	+0⅛	+2⅞	9.80
Air France 11 84 FFr	120	92⅞	94⅛	0	+2⅛	12.98
CECA 14¾ 86 FFr	150	102	103	+0½	+1⅛	13.60
Euratom 9⅞ 87 FFr	150	83½	84½	0	+3¼	13.35
Finland 11 84 FFr	80	92⅝	93⅝	0	+3½	13.11
Finland 11½ 89 FFr	70	88½	89½	0	+4⅛	13.60
Gaz de France 11 84 FFr	150	92⅞	93⅝	−0⅛	+2⅛	13.01
IBM France 11⅞ 84 FFr	120	94¼	95	−0⅛	+3½	13.44
Renault 9⅞ 85 FFr	100	83⅜	84⅜	−1½	+1⅛	14.27
Saint-Gobain 9⅞ 86 FFr	130	84	85	0	+3⅛	13.65
Solvay et Cie 9⅞ 87 FFr	125	81⅞	83	+0⅛	+5½	13.84
Citicorp O/S 13½ 90 £	50	93¼	94	+0⅛	+1⅛	14.74
EIB 11⅞ 91 £	25	86½	87¼	+0⅛	+2⅞	13.86
Finance for Ind. 13 91 £	15	91⅞	92⅜	+1⅛	+3	14.44
Fin. for Ind. 12½ 89 £	30	88½	89⅛	+0⅛	+1⅞	14.76
Fin. for Ind. 14½ 88 £	20	97⅞	98⅜	+0½	+2⅛	14.87
Gen. Elec. Co. 12½ 89 £	50	91⅞	92⅛	+1⅛	+2¼	14.17
Indonesia 8⅞ 91 KD	7	†93	93½	0	0	9.75
Mitsubishi 7½ 84 KD	10	†89⅝	90⅝	+0¼	0	10.45
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.53
Occidental 8¾ 91 KD	7	†90⅛	90¾	0	0	9.68
Akzo 9¼ 87 LuxFr	500	*86½	87½	−0⅛	+0½	11.94
Euratom 8 87 LuxFr	500	85⅛	86⅛	+1⅛	+2⅛	11.07
Euratom 9¼ 88 LuxFr	500	96⅛	97⅛	+1⅛	+6⅝	10.39
EIB 9⅝ 88 LuxFr	600	95⅜	96¾	+3⅛	+4⅛	10.46
Volvo 9¾ 87 LuxFr	500	94¼	95¼	+2⅛	+5⅛	10.77

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	†97⅛	97⅝	2/7	15⅛	16.51
Banco di Roma Int. 6 87	0¼	98⅞	99⅜	26/4	15⅜	15.89
Bank of Ireland 5¾ 89	‡0¼	97⅝	98⅛	21/5	16⅛	16.45
Bank of Tokyo 5¼ 89	‡0⅛	97¼	97¾	25/4	14.56	14.94
Barclays O/S Inv. 5 90	0⅛	†97	97½	13/6	14⅜	14.85
Bergen Bk. A/S 6 89	‡0¼	†96⅞	97¼	29/5	17¼	17.78
Bque. Indo Suez 5¼ 89	0¼	97	97½	11/7	14.69	15.10
Citicorp O/S F. 6 94	‡0¼	99⅜	99⅞	8/6	18.81	18.88
Citicorp O/S F. 83	§‡0	99⅛	99⅝	23/5	16.06	16.16
Citicorp O/S F. 84	‡0	99¼	99¾	30/5	16.94	17.02
C. Itoh 6¼ 87	0¼	99	99½	18/9	19.44	19.58
Co-operative Bk. 6 86	0¼	97⅝	98⅛	15/5	15.06	15.39
Creditanstalt 5½ 91	§‡0¼	98½	99	14/6	18.44	18.67
CNT 5¼ 86	§0¼	99½	100	16/10	18⅛	18.19
GZB 5½ 89	‡0⅛	97⅞	98⅜	1/5	14⅝	14.90
Jugobanka 8 89	0⅞	91	91½	23/5	16	17.53
Ind. Bank Japan 5⅛ 87	0¼	98⅜	99⅛	15/10	18¼	18.96
LTCB Japan 5¼ 86	0¼	97⅜	97⅞	13/6	14⅛	14.60
LTCB Japan 5½ 89	0¼	96½	97	7/6	14.19	14.66
Mfrs. Han. O/S 5⅞ 94	‡0⅛	98⅞	99⅛	30/5	17⅛	17.32
Midland Intl. Fin. 5 89	0⅛	98⅛	98⅝	20/6	15	15.23
Nacional Fin. 6¼ 86	0¼	97¼	97¾	25/7	14.69	15.06
Nat. West. 5⅛ 94	§0⅛	98⅛	98⅞	11/10	18⅝	18.88
Nippon Credit 6½ 86	0⅛	96⅛	96⅝	12/7	14.44	14.98
Nippon Credit 5⅞ 87	‡0⅛	97⅜	97⅞	6/5	14.69	15.04
Royal Bk. Scot. 5⅞ 94	§‡0¼	98⅞	99⅜	11/7	19½	19.65
Soc. C. de Bque. 6½ 87	0¼	†98¼	99¼	3/10	20.06	20.27
Sogenal 5⅞ 89	§0¼	†96⅞	97⅜	13/7	14.44	14.88
Standard Chart. 5⅛ 90	0⅛	98⅛	98⅞	6/9	17⅜	17.49
Sweden 6⅛ 91	‡0¼	97¼	97¾	18/4	14.44	14.81
TVO Pwr. 9 91 (D-lock)	0¼	†96⅝	96⅞	24/5	15.31	15.85
Williams & Glyn 6⅛ 91	0¼	97⅞	98⅜	14/6	18½	18.83
Bq. E. d'Alg. 4¼ 89 SF	0⅜	86	86⅜	18/6	5.69	7.74

Average price changes... On day +0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅞ 89	10/79	145	†103	104	−0⅞	−11.45
Ajinomoto 7⅞ 95	2/80	618	90⅝	91⅛	+1⅛	0.56
Alco Int. Fin. 9½ 94	1/80	40	†86	86½	+1⅞	32.69
Asahi Optical 7 94	11/79	805	87¾	88½	+0⅞	11.26
Canon 6¾ 94	8/79	570	96⅛	97⅛	+0½	4.44
Ciba-Geigy O/S F. 4 94	9/79	676	*70	71	−0⅛	5.97
Credit Suisse 4¾ 93	10/79	1325	90½	91⅜	+2⅛	1.07
Daiei Inc. 6½ 94	11/79	1020	†92	92½	+1⅛	39.65
Enserch Fin. 9½ 94	7/80	30.25	100⅜	101⅜	0	12.42
LPC Internatnl. 8 89	9/79	23.33	†95	96	+0⅛	27.32
Meidensha Elec. 7 94	12/79	210	93⅛	94½	+2⅞	22.39
Mitsubishi Cp. 6½ 94	10/79	804	115⅝	117	+0⅞	12.17
Nippon Seiko 7⅛ 94	12/79	339	†99½	100½	+1	−1.93
Nitto Elec. Ind. 6 94	7/79	735	69½	70½	+5¾	7.58
Toshiba Cpn. 7⅛ 94	10/79	198	89¾	90¼	+0⅞	6.64
Union Bk. Switz. 5 89	2/80	125	90½	91⅜	+1⅛	−8.14
Fujitsu 5 84 DM	7/79	475	92⅞	93⅛	0	12.22
Kansai Elec. 4 84 DM	4/79	1234	†83½	84½	+0½	57.93
Tokyu Ld. Cp. 4 86 DM	4/78	493	†74	75	+0⅛	48.78
Uny Co. 6½ 85 DM	11/79	1071	90⅛	81⅛	+1⅛	48.31

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

ALLEGHENY LUDLUM INDS.

First quarter	1980 $	1979 $
Revenue	422.9m	380.9m
Net profits	15.22m	12.02m
Net per share	1.55	1.05

ALUMINIUM OF AMERICA

First quarter	1980 $	1979 $
Revenue	1.3bn	1.2bn
Net profits	143.48m	127.68m
Net per share	4.05	3.62

AT & T

First quarter	1980 $	1979 $
Revenue	12.11bn	10.85bn
Net profits	1.44bn	1.36bn
Net per share	1.98	1.96

BECKMAN INSTRUMENTS

Third quarter	1980 $	1979 $
Revenue	141.1m	110.2m
Net profits	8.26m	7.12m
Net per share	0.41	0.40
Nine months		
Revenue	392.8m	301.3m
Net profits	25.06m	20.12m
Net per share	1.30	1.14

BELDEN CORPORATION

First quarter	1980 $	1979 $
Revenue	85.5m	70m
Net profits	3.07m	2.91m
Net per share	1.43	1.41

BENDIX CORPORATION

Second quarter	1980 $	1979 $
Revenue	1.05bn	990.7m
Net profits	50.22m	44.17m
Net per share	2.14	1.93
Six months		
Revenue	2.02bn	1.91bn
Net profits	91.42m	81.74m
Net per share	3.92	3.57

BORDEN INC.

First quarter	1980 $	1979 $
Revenue	1.07bn	952.2m
Net profits	30.6m	28.9m
Net per share	0.98	0.94

BIG THREE INDUSTRIES

First quarter	1980 $	1979 $
Revenue	152.9m	120.9m
Net profits	20.35m	14.79m
Net per share	1.01	0.74

BRUNSWICK

First quarter	1980 $	1979 $
Revenue	309.4m	326.3m
Net profits	5.96m	16.16m
Net per share	0.25	0.76

CESSNA AIRCRAFT

Second quarter	1980 $	1979 $
Revenue	255.8m	216.1m
Net profits	5.86m	10.14m
Net per share	0.31	0.55
Six Months		
Revenue	500.9m	414.2m
Net profits	14.19m	20.96m
Net per share	0.78	1.13

CHAMPION INTERNATIONAL

First quarter	1980 $	1979 $
Revenue	933.4m	901m
Net profits	43.9m	67.8m
Net per share	0.81	1.31

CLUETT, PEABODY

First quarter	1980 $	1979 $
Revenue	165.8m	147.2m
Net profits	3.77m	3.58m
Net per share	0.38	0.36

COMMONWEALTH EDISON

First quarter	1980 $	1979 $
Revenue	779.8m	688.5m
Net profits	45.73m	29.9bn
Net per share	0.50	0.37

CONTINENTAL CORPORATION

First quarter	1980 $	1979 $
Revenue	796m	769m
Net profits	58.1m	70.8m
Net per share	1.12	1.32

CONTINENTAL TELEPHONE

First quarter	1980 $	1979 $
Revenue	302.7m	263.7m
Net profits	27.38m	27.19m
Net per share	0.48	0.50

CRANE CO.

First quarter	1980 $	1979 $
Revenue	370.7m	313.6m
Net profits	9.57m	8.15m
Net per share	0.94	0.79

DUN & BRADSTREET

First quarter	1980 $	1979 $
Revenue	282.48m	208.39m
Net profits	23.15m	19.63m
Net per share	0.83	0.70

GAF CORPORATION

First quarter	1980 $	1979 $
Revenue	312.9m	267.2m
Net profits	12.02m	5.33m
Net per share	0.82	0.33

GANNETT

First quarter	1980 $	1979 $
Revenue	273.4m	237.1m
Net profits	27.15m	23.83m
Net per share	0.76	0.67

GENERAL PORTLAND

First quarter	1980 $	1979 $
Revenue	66.7m	47.8m
Net profits	5.86m	†507,000
Net per share	0.85	†0.07

†Loss

E. F. HUTTON

First quarter	1980 $	1979 $
Revenue	261.6m	140.8m
Net profits	20.04m	6.04m
Net per share	2.40	0.61

INLAND STEEL

First quarter	1980 $	1979 $
Revenue	918.8m	896.7m
Net profits	26.76m	24.93m
Net per share	1.28	1.18

JOY MANUFACUTURING

Second quarter	1980 $	1979 $
Revenue	234m	188.9m
Net profits	15.9m	11.8m
Net per share	1.22	0.90
Six Months		
Revenue	439.2m	374.1m
Net profits	28.2m	24.2m
Net per share	2.17	1.86

KOPPERS

First quarter	1980 $	1979 $
Revenue	402.9m	347.2m
Net profits	273,000	4.04m
Net per share	—	0.15

MEMOREX

First quarter	1980 $	1979 $
Revenue	136.7m	138.1m
Net profits	1.11m	11.76m
Net per share	0.05	1.47

MERCK

First quarter	1980 $	1979 $
Revenue	655m	568m
Net profits	106m	90.9m
Net per share	1.41	1.20

METROMEDIA

First quarter	1980 $	1979 $
Revenue	107.4m	95.3m
Net profits	8.3m	6.88m
Net per share	1.80	1.50

MORTUN-NORWICH PRODS.

Third quarter	1980 $	1979 $
Revenue	226m	200m
Net profits	14.1m	12.2m
Net per share	1.04	0.90
Nine Months		
Revenue	635m	553m
Net profits	44.7m	39.2m
Net per share	3.29	2.89

OLIN

First quarter	1980 $	1979 $
Revenue	475.2m	437.2m
Net profits	22.08m	17.49m
Net per share	0.92	0.73

PACIFIC GAS AND ELECTRIC

First quarter	1980 $	1979 $
Revenue	1.33bn	1.05bn
Net profits	106m	93.5m
Net per share	0.93	0.92

PENNWALT CORPORATION

First quarter	1980 $	1979 $
Revenue	302.8m	259.3m
Net profits	12.3m	10.01m
Net per share	1.20	1.00

PPG INDUSTRIES

First quarter	1980 $	1979 $
Revenue	797.4m	722.3m
Net profits	54.7m	49.8m
Net per share	1.67	1.56

PULLMAN INC.

First quarter	1980 $	1979 $
Revenue	771.8m	692.9m
Net profits	15.76m	22.79m
Net per share	1.42	2.07

RCA

First quarter	1980 $	1979 $
Revenue	1.97bn	1.79bn
Net profits	78.7m	65.1m
Net per share	0.89	0.81

REICHHOLD CHEMICALS

First quarter	1980 $	1979 $
Revenue	236.3m	203.4m
Net profits	4.19m	2.59m
Net per share	0.50	0.27

REYNOLDS METALS

First quarter	1980 $	1979 $
Revenue	876.2m	775.7m
Net profits	52.1m	38.3m
Net per share	2.70	2.00

ROHM AND HAAS

First quarter	1980 $	1979 $
Revenue	435.7m	384.4m
Net profits	27.15m	24.5m
Net per share	2.10	1.90

SAFEWAY STORES

First quarter	1980 $	1979 $
Revenue	3.28bn	3.03bn
Net profits	12.5m	23.09m
Net per share	0.48	0.88

SIGNAL COS.

First quarter	1980 $	1979 $
Revenue	1.1bn	1bn
Net profits	42.3m	47.8m
Net per share	1.09	1.24

STAUFFER CHEMICAL

First quarter	1980 $	1979 $
Revenue	583m	499m
Net profits	70m	62m
Net per share	1.59	1.42

U.S. INDUSTRIES

First quarter	1980 $	1979 $
Revenue	301.4m	332.5m
Net profits	8.32m	12.74m
Net per share	0.31	0.44

SAINT-GOBAIN-PONT-A-MOUSSON

Entering the age of the micro-chip

BY TERRY DODSWORTH IN PARIS

"AN OVER-MUSCLED giant with no ideas," is how a French analyst described Saint-Gobain-Pont-a-Mousson about a year ago. The description, whatever its truth at the time, no longer fits. By forging links with Italian office equipment group Olivetti, details of which are due to be unveiled today, Saint-Gobain is at last shifting its considerable bulk decisively into new technology industries.

To be fair to Saint-Gobain, it has been trying to shake off its image as one of France's historic curiosities for some time. Deeply imbedded in pipe and glass manufacturing, it has talked incessantly about diversification into growth industries. But like many other big groups in similar situations it has not found it easy to graft on new and different skills.

After a brief attempt to buy its way into the nuclear industry, Saint-Gobain fixed on the electronics sector as its chosen path for development. Its first step, to invest FFr 220m ($50m) in a French integrated circuit plant in partnership with National Semiconductor of the U.S. was not treated particularly seriously in France.

This move was part of a Government-backed attempt to develop an independent micro-chip industry in France, and analysts felt that it fitted uneasily with Saint-Gobain's other interests.

Since then, however, a wider strategy has begun to emerge. Last year, Saint-Gobain took a 20 per cent stake in the holding company of Cii Honeywell-Bull, the French computer group. It is linking up with Olivetti, another company in the so-called informatics industry, but with complementary interests to those of Honeywell-Bull.

While it is too early to see how these activities might be welded together, there is clearly considerable scope for synergy.

The micro-chips which Saint-Gobain will be making in its new factory can be used in the machines made by Honeywell-Bull and Olivetti; and whereas the former is strong in mainframe computers, the latter has a leading position in office information systems, telephone-based information transmission, multi-purpose typewriters and the like.

Saint-Gobain's electronics policies fit the French Government's emphasis of its industrial policy on a few chosen sectors—electronics along with nuclear power, aerospace and telecommunications.

With the rescue of Honeywell-Bull, mainly due to the Government's willingness to swallow its Gaullist pride and accept the partnership of the U.S. Honeywell group, the French computer industry has been pulled around. But the administration is worried that France will be left behind in the next round of computer related developments — the application of information processing to offices and even private households.

The efforts to stimulate French companies in these industries explains the recent block put on the bid by Thorn of the UK for Locatel, the leading television rental company in France. CIT-Alcatel and Thomson CSF were encouraged by the Government to take over Locatel instead of Thorn, the idea being that television will soon form part of domestic information systems linked to telephones and telecopiers which these companies may be developing and hiring out themselves.

Similarly, CIT-Alcael's recent acquisition of Roneo Vickers, the UK office equipment group is based on the French company's aim to find new outlets for its range of office equipment. And Matra, the most go-go of the French high technology companies, has also recently bought into the telephone industry. It hopes to expand this business alongside its telecopier activities which recently led it into a licensing deal with, of all people, Olivetti.

Despite all this activity, however, the French information and office machinery industry lacks international scale. French companies are hemmed in by the big U.S. groups such as IBM, Xerox and the fast expanding activities of Exxon. In Europe, Volkswagen, the West German company, has surged ahead with its acquisition of Triumph Adler. Olivetti will give France, or more specifically Saint-Gobain, the dimension it has been seeking.

For Saint-Gobain, under the direction of a dynamic new chcairman, Mr. Roger Fauroux, the integration of Olivetti will obviously provide a big challenge.

Dutch insurer increases payout

BY CHARLES BATCHELOR IN AMSTERDAM

NATIONALE - NEDERLANDEN (NN), the largest Dutch insurance group, plan sa higher dividend and a one-for-10 scrip issue after recording sharply higher profits last year.

NN will increase its total dividend to Fl 5.80 per Fl 10 nominal share from Fl 5.50. The fina dividend of Fl 3 will be payable either fully in cash or as Fl 1.20 in cash and Fl 0.20 nominal in shares from the tax-free premium reserve.

A one-for-10 free share issue will be made with the new shares entitled to the 1979 dividend although this dividend is payable only in cash. The effective dividend payment will increase to Fl 6.38 over 1979 from Fl 5.47 after last year's optional dividend and the latest bonus distribution are taken into account.

NN's pre-tax profit rose 28 per cent last year to Fl 452.7m ($221m) after allowing for the Fl 376.1m paid to life policyholders as their share of profits. Net profit rose 22 per cent to Fl 301.9m after deducting Fl 142m (Fl 96m in 1978) for tax and an unchanged Fl 9m for outside shareholders' interests.

Total revenues rose 18 per cent—double the rate in 1978—to Fl 6.9bn ($3.4bn). However, after discounting the impact of the acquisition of the Life of Georgia Insurance group and currency fluctuations, the increase in revenues amounted to 12 per cent.

Life premium income rose 22 per cent while non-life income was 13 per cent higher. Foreign business accounted for 44.5 per cent of premium income compared with 40.5 per cent previously.

Total life insurance rose 29 per cent to Fl 117bn with Life of Georgia contributing Fl 14bn.

After allowing for policyholders' share in profits, life insurance contributed Fl 209.2m to profits, an increase of 47 per cent. The non-life result rose 73 per cent to Fl 126.2m while the result of investments and other activities was 17 per cent higher at Fl 1.54bn. Profit on professional reinsurance fell, however, to Fl 6.3m from Fl 7.2m.

● Reduced profits for the first quarter of 1980 are reported by Oce van der Grinten, the Dutch copier company. Net earnings for the three months are Fl 7.01m, compared to Fl 7.24m.

Sales for the quarter were Fl 326.8m against Fl 289.3m, a rise of 13 per cent. But high interest rates ate into profits margins, the company said yesterday. Earnings were Fl 3.91m per share compared with Fl 4.01.

Estel halves pre-tax losses

BY OUR AMSTERDAM CORRESPONDENT

ESTEL HOESCH-HOOGOVENS, the Dutch-German group, more than halved its pre-tax loss last year but was unable to achieve the hoped-for return to profit. Once again there is no dividend. Estel last paid Fl 2.05 per share in 1976.

Pre-tax, Estel cut its loss to Fl 119.9m ($58m) last year from Fl 246.9m in 1978. The additional write-offs and provisions from Estel's reorganisation depressed the result.

The major part of this restructuring is a DM 550m ($295.7m) plan to modernise steel-making capacity of Hoesch Huettenwerke in Dortmund, West Germany.

The increased tax charge incurred by the profitable parts of Estel meant a net loss of Fl 173.7m compared with Fl 156.4m a year earlier. KNHS will also pay no dividend.

Mr. Jan Hooglandt, Estel chairman, said earlier this year that losses at the Hoesch plant in Dortmund had more than wiped out profits of the Hoogovens works at Ijmuiden. In January Estel said it was smbre about prospects for the current year though yesterday's statement gave no further details.

● Bos Kalis Westminster, the Dutch dredging and construction group, expects to carry out an increasing share of its activities in Africa and South America this year. It also hopes to sign a number of medium-sized contracts—worth up to Fl 50m each—in the Middle East.

Africa was the most important area of operations last year accounting for 32 per cent of turnover while North and South America accounted for 3 per cent. The Middle East contributed only 1 per cent after falling from a peak of 15 per cent in 1977.

Bos Kalis expects profits to recover this year to about the Fl 58.5m ($24m) net level recorded in 1978. Last year losses on its 48 per cent stake in Netherlands Offshore Company (NOC) reduced net profit to Fl 13.7m.

Bos Kalis's total loss from NOC was Fl 67.5m including Fl 38.2m to cover liquidation expenses. The company's Fl 29m share in NOC's 1979 operating loss was considerably higher than at first expected.

Daf Trucks returns to profit

By Our Amsterdam Correspondent

DAF TRUCKS, the Dutch commercial vehicle manufacturer, returned to profit last year on turnover which was nearly one-third higher than in 1978

The company had net profit of Fl 21.7m ($10.6m), compared with a loss of Fl 16m the year before. Sales rose 31 per cent to Fl 1.53bn.

This improvement was due to a considerably stronger commercial vehicle market whereas Daf's special products division and its foundry in Belgium made losses. The company decided in the middle of last year to shut down its trailer activities in Madrid and Eindhoven as part of a restructuring of the special products division.

The foundry will also be closed by this summer. Losses from these closures, as well as losses expected before the special products division reorganiseation is complete have all been accounted for in the 1979 results.

Daf produced 15,123 vehicles in 1979 compared with 11,371 in 1978 but was still unable to meet demand. Deliveries rose sharply to 15,547 from 11,629. It attributes this increase in demand exclusively to customers making up for purchases which had been delayed.

Investment in fixed assets rose 9 per cent to Fl 45.5m last year.

If there is no downturn in the market in the second half of this year Daf expects to achieve higher net profits because of reduced non-recurring costs.

The company started the year with full order books and low stocks while the aircraft section of the special products division expects a considerably improved result.

Brostrom claws back deficit

By Victor Kayfetz in Stockholm

BROSTRÖM, the Swedish shipping group, swung from a 1978 operating loss of SKr 80m to an operating profit of SKr 97m last year. But heavier net financial costs due to new building of vessels and high interest rates again left pre-tax earnings in deficit. The board recommends passing the dividend for the sixth straight year.

Consolidated pre-tax losses were SKr 100m ($23m), against SKr 27m in 1978. This included net financial expenses of SKr 197m, compared with SKr 147m in 1978. Group sales rose 15 per cent to SKr 2.17bn.

Broström forecasts loss of revenues on scheduled traffic in 1980 due to "a cargo war on the North Atlantic and import restrictions in certain eastern Mediterranean countries." But adds that because of good prospects for bulk carriers, tankers and marine service operations, overall group earnings will continue to improve.

"The improvement will be substantially less than in 1979. Interest burdens are still so great that a deficit after financial items will again occur in 1980."

Share sale by DNC

By Fay Gjester in Oslo

DEN NORSKE CREDITBANK (DNC), Norway's largest commercial bank, has disposed of about two-fifths of the shares it bought three years ago in Orkla Industrier, a Norwegian mining and metals concern.

In 1977, to help Orkla secure the status of a Norwegian-owned company, under the terms of Norway's concession laws, the bank was asked to buy a block of 408,000 shares (par value NKr 50), from Swedish owners for subsequent re-sale to Norwegian interests.

DNC paid NKr 80 per share for this stake, and has now sold 163,000 o fthem to "several large Norwegian investors" for NKr 115 per share.

The bank says it was not possible to dispose of the shares previously without making a loss. For the timebeing it does not propose to offer additional Orkla shares on the market.

Sharp rise in sales and earnings at Legrand

BY DAVID WHITE IN PARIS

LEGRAND, one of the fastest-expanding companies in the French electrical industry, achieved a 19 per cent rise in sales and a 44 per cent increase in consolidated net earnings.

The electrical fittings manufacturer, based in Limoges in central France, said it expected to maintain an annual growth rate of 7-9 per cent at constant prices between now and 1985. Last year's sales totalled FFr 1.49bn ($341m), of which 29 per cent came from outside France.

Consolidated net profit, not counting interests of other shareholders, reached FFr 111m compared with FFr 77m in 1978. The company proposes increasing the dividend to FFr 32 net per share from FFr 29.50 and will be distributed on capital increased 20 per cent by a scrip issue last year.

Earlier this year Legrand bought control of Arnould-Fae, a troubled fittings subsidiary of Compagnie Generale d'Electricite (CGE), after the latter failed to obtain official permission for a planned deal with West Germany's Siemens.

Following the takeover, estimated to have cost FFr 40m, the Limoges group has reached agreements to sell two of Arnould-Fae's interests, one to the Merlin Gerin electrical engineering concern and the other to La Telemecanique.

● Increased profits, a highr dividend and a scrip issue were announced yesterday by the parent company of CGE. Net profits for 1979 were FFr 172.1m compared to FFr 160.9m, and the dividend is going up to FFr 37.5 a share from FFr 33.9.

The scrip issue is to be on a one-for-eight basis.

● Radar, the supermarket chain, raised net consolidated income by 34 per cent in 1979 to FFr 59.2m from FFr 44.2m. The company proposes to pay a net dividend of FFr 30 per share, up from the FFr 26 paid in 1978.

Spain uses guarantee fund to aid bank

BY ROBERT GRAHAM IN MADRID

SPAIN'S deposit guarantee fund, whose powers and finances were substantially enlarged at the beginning of the month to aid banks in difficulties, has been activated for the first time. It will assist a small family bank, Lopez Quesada, by underwriting a capital increase.

The move follows negotiations with the Bank of Spain which has been watching the bank closely. Recently, the Bank of Spain insisted that a new managing director, Sr. Jose Maria Castane, be appointed.

Lopez Quesada has capital of Pta 1.6bn ($22m) but a condition of the fund's intervention is that the bank write it down. The extent has not been disclosed, but there is speculation it will be about Pta 600m. Once this has been completed, the bank will increase its capital by Pta 3bn.

Lopez Quesada's accounts are being examined by a firm of international accountants. The bank confirmed that it was seeking to sell its headquarters, an historic building well-located in central Madrid. The asking price is Pta 3bn and a number of financial institutions are believed to be interested. The building is an important part of the bank's assets.

Lopez Quesada has about 30 branches throughout the country and total deposits in January were Pta 42bn.

INTERNATIONAL COMPANIES and FINANCE

ARAB RE-INSURANCE VENTURE

A force to be reckoned with

BY JOHN MOORE, INSURANCE CORRESPONDENT

THE NEW ARAB reinsurance joint venture, with a planned $3bn worth of capital, could be a force to be reckoned with in international insurance markets. After all, in size its capital represents 20 times the amount of available capacity on the slowly developing New York Insurance Exchange, the U.S. answer to Lloyd's of London. And the 300-year-old Lloyd's market itself still only has a capacity of $4.5bn.

The sheer size of the planned market caused surprise in London insurance circles, and considerable bafflement about the objectives of the Arabs, as well as some concern about how significant a force they might become in the international insurance market.

"They have obviously got the money, but they haven't got the expertise," said Mr. Harley Patrick, chairman of the UKP's Reinsurance Offices' Association, while other insurers in London were musing on what type of business the new market intended to insure and its likely quality.

So far, the details available of the new operation are sketchy. Four Arab states—Kuwait, the Uuited Arab Emeriates, Qatar and Libya—are signing an agreement this weekend setting up the company as a joint venture in Bahrain. According to reports yesterday, it is a Government initiative, and private insurance companies have not been involved in the deal so far.

The overall intention is to retain in 22 countries of the Arab world the insurance business which is generated in the region.

The Arab world has been one of the fastest growing insurance markets after the quadrupling of the price of oil. Over the four years from 1975 to 1978, premium income is estimated to have grown by an average of around 20 per cent.

Little detailed information exists about the markets by region, because they are relatively unregulated, and in some Arab countries insurance is not officially condoned at all. Insurance is considered by the Saudis, for example, to be a form of money-lending proscribed by the Koran. Nine "Saudi" insurance companies are registered offshore.

Kuwait is the most important ship-owning stat ein the Gulf, and last year led the protest against Lloyd's on the London market's decision to impose a war risk surcharge premium on ships travelling to the Gulf area. The war risk issue caused bad feeling throughout the Middle East, and encouraged the Arabs to look for ways in which they could become less dependent on the Lloyd's market.

Their entry into the reinsurance markethas come at a bad time for most international re-insurers. There is a world-wide surplus of available capacity, to an extent where premium rates are under constant pressure. Most re-insurers are cutting premium rates, as a percentage of insured values, to the bone, and relying on high interest rates to provide them with the cushioning to meet the claims and make profits.

Interest rates are showing signs of peaking, so re-insureres may well find their accounts drifting into losses, and this will lead to a contraction of capacity.

If this does happen, the Arab market, which is soundly capitalised, may appear on the insurance scene at the right time in order to meet the demand arising from a contraction of capacity elsewhere.

The reservations about the Arab venture are that it represents "innocent" capacity, with no experience of reserving for large losses, no evident underwriting talent, and no track record. Other state-blocked insurance concerns have suffered variable fortunes because of unsound underwriting.

The lack of expertise might not be the onl yproblem. The unsettled political climate in the Middle East adds a degree of uncertainty as to how long a joint venture backed by four important Arab countries can be sustained. Moreover, the Arab insurance market has hitherto only been concerned with smaller risks. Can it cope with more complex underwriting?

In any event, the new joint venture is still likely to need reinsurance cover and protection in the international reinsurance arena—which means that some of the $3bn in premiums wil not be able to be kept ni the local market.

Samurai market to re-open for Sweden

TOKYO—The Tokyo market for Samurai bonds—yen-denominated bonds issued by foreign borrowers—will re-open soon, after virtual suspension for a month. The Finance ministry has given permission for the flotation of a Y30bn ($120m) 12-year bond by the Swedish government.

Negotiations on the terms will start on April 23, with a contract expected to be signed with Japanese underwriters on April 25. Payments are likely to be completed by May 5.

Bond market conditions, which seriously deteriorated last month, have improved considerably, and the yen/dollar exchange rate has recovered somewhat, banners here noted.

The Swedish issue will probably be followed by a Y27bn issue for New Zealand, for which negotiations on terms will start around May 8, and a Y15bn issue by the Asian Development Bank is expected towards the end of May.

Brazil and Thailand are expected to issue a Y10bn band and a Y15bn bond respectively in June, bankers said.

The coupon for the Swedish issue will probably be around 9.5 per cent, against 9 per cent as was thought to be the case last month.

From Stockholm it is reported that Sweden's gross foreign borrowing this year will be around SKr 30bn ($6.8bn), according to an economic survey by Skandinaviska Enskilda Banken.

This year's current account deficit is likely to double to some SKr 20bn, or 4 per cent of gross domestic product, so an equally large amount of net foreign borrowing will be needed to check the drain on foreign currency reserves, the bank added.

Since additional foreign funds are needed to repay SKr 8bn of earlier loans and to finance some investments abroad, gross borrowing will reach SKr 30bn, Enskilda said. Reuter

Estech buys 26% stake in Haifa Chemicals

BY L. DANIEL IN TEL AVIV

THE ESTECH General Chemical Corporation of Chicago has acquired 26 per cent of hte voting shares of Haifa Chemicals and a one-year option on a further 26 per cent of the voting stock, through the Estech subsidiary, Trans Pacific Resources.

Eetech has acquired the shares from Oil Refinery, which is currently the majority shareholder. Estech, which has major U.S interests in phosphate mining, nitrogen production, and fertilisers, as well as fertiliser interests in Australia and the Republic of Korea, has also concluded a market agreement with Haifa Chemicals.

The Israeli company is a major producer of potassium nitrate (accounting for 60 per cent of world trade in the fertiliser grade). Its output, based on a locally developod process, will thus complement Estech's other lines, Mr. Robert E. Kelly, the Estech vice president international, said.

The Haifa company will get access to markets it has not penetrated so far and expects its output to grow substantially as a result.

Haifa Chemicals, total exports of which came to $46m ni 1979, last year produced 173,000 tonnes of potassium nitrate and expects to reach 200,000 tonnes in 1980, against a capacity of 220,000 tonnes.

Hong Kong to tighten foreign bank rules

By Philip Bowring in Hong Kong

IN THE WAKE of the problems which have hit the Cayman-based Nugan Hand Bank, the Hong Kong authorities are moving to tighten up supervision of the operations of bank representative offices. Nugan Hand Bank has a representative office, through which deposits were made by Hong Kong residents. Last week the Banking Commissioner, Mr. Colin Martin, said that Nugan Hand Bank had failed to replay certain maturing deposits.

Mr. Martin has now anounced that he has written to all foreign bank representatives in Hong Kong asking for details of their activities. They will also be visited by banking commisison staff to determine more clearly the nature of their business, including the extent to which they are used to attract deposits from Hong Kong.

There are 118 bank representative offices in Hong Kong, in addition to some 80 foreign-incorporated banks with full banking licences. Hitherto, the representative offices have been subject to almost no supervision.

The new moves in Hong Kong follow developments in Singapore on Tuesday, when police arrested an employee of Nugan Hand Private, another company in the Nugan Hand group, on a charge of operating a banking business without a licence.

The Nugan Hand group comprises a number of companies engaged in many countries, including Thailand, Panama, Malaysia, Singapore, Hong Kong and Argentina. It owns a private Hamburg-based bank, F. A. Neubauer, and a deposit-taking company in Hong Kong.

Remy Martin Far East sees increase

HONG KONG—Remy Martin (Far East) expects attributable profit for the year ended March 31 of HK$27.9m (US$5.6m), up from HK$12.8m for the previous year.

In the prospectus for its offer of 12.5m HK$1 nominal shares in Hong Kong at HK$7 a share, the company said it expects further growth in the Far East market for wines and spirits.

Remy Martin (Far East) was incorporated in Honk Kong on April 1973. It showed attributable profit in its first full year of operation of HK$0.3m, followed by HK$2.1m in 1975-76, HK$2.9m in the year to March 1977, and HK$5.5m in 1977-78.

The company is currently a wholly-owned subsidiary of Remy Martin of France. The new shares to be issued will represent 25 per cent of the enlarged issued capital of 50m shares.

The prospectus showed net tangible assets, including the net proceeds of the issue, of HK$125.2m, equivalent to HK$2.50 per share.

The company expects to pay dividends totalling at least 55 cents per share for the current financial year.

Reuter

CURRENCIES, MONEY and GOLD

Dollar weak

THE DOWNWARD trend in U.S. interest rates led to very confused trading in the foreign exchange market yesterday. The dollar lost ground against most major curreneics, but finished well above its worst level of the day, after opening weaker following selling pressure in the Far East. After a period of fairly nervous European trading the U.S. currency met renewed selling when the New York market opened, but showed a slightly firmer trend towards the close of London trading, possibly resulting from intervention by the U.S. Federal Reserve.

The dollar fell to DM 1.8570 from DM 1.8660 against the D-mark, after touching a low point of DM 1.8370. In terms of the Swiss franc, the dollar was little changed at SwFr 1.7325, compared with SwFr 1.7330, after touching SwFr 1.7100.

On Bank of England figures the dollar's trade-weighted index, fell to 88.7 from 89.0.

Sterling's index rose to the highest-level since mid-February, at 73.1, compared with 72.8 on Wednesday. It was also at 73.1 at noon and in the morning. The pound opened at $2.2260-2.2280, and fell to a low point of $2.2225-2.2235, but moved erratically in nervous conditions, touching a high of $2.2400-2.2410 in the afternoon, before closing at $2.2230-2.2250, a rise of 60 points on the day.

D-MARK—Slightly improved within the European Monetary System, and showing a stronger trend against the dollar, after a weakness caused by expectations of a continuing balance of payments deficit in Germany and effects of anti inflation measures and higher interest rates in the U.S. The D-mark improved against most currencies at the Frankfurt fixing, but lost ground to hte Irish punt and Swiss franc. Within the EMS the French franc fell to DM 43.185 per 100 francs from D M43.19, and the Italian lira to DM 2.1380 per 1,000 lira from DM 2.1440. The Bundesbank did not intervene when the dollar fell to DM 1.8619 from DM 1.8908 at the fixing. Sterling declined to DM 4.1480 from DM 4.1570.

ITALIAN LIRA—Rather erratic within EMS, and falling to bottom of the system in recent weeks, after rising to the top during February. The lira lost ground to its EMS partners and other major currencies at the Milan fixing, but improved against the dollar. The U.S. currency fell to L871.55 from L881.95 at the fixing, but sterling rose to L1,941 from L1,938.95, the Japanese yen to L3,515 from L3.502, and the Swiss franc to L502.95 from L498.65. Within the EMS the D-mark improved to L468.28 from L466.65, and the French franc to L202.13 from L201.68.

DUTCH GUILDER — Steady recently, near top of EMS—The guilder showed mixed changes within the EMS, falling against the D-mark, French franc, Belgian franc and Irish punt at the Amsterdam fixing, but improving against the Italian lira and Danish krone. The dollar fell sharply to Fl 2.0415 from Fl 2.0700, and sterling declined to Fl 4.5440 from Fl 4.5470.

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year, which after a slight pause have been renewed, resulting in heavy central bank intervention—The yen gained ground against the dollar in active Tokyo trading. The U.S. currency closed at Y247.80, compared with Y252.35 previously, following the cut in Chase Manhattan Bank's prime rate. It opened at Y248.50, and fluctuated between Y247.50 and Y248.10 in nervous late trading.

THE DOLLAR SPOT AND FORWARD

April 17	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2225-2.2410	2.2230-2.2250	0.03-0.13c dis	−0.43	0.13-0.23dis	−0.32
Ireland†	2.0140-2.0320	2.0190-2.0220	0.25-0.15c pm	1.19	0.55-0.45 pm	0.99
Canada	1.1835-1.1857	1.1854-1.1857	0.22-0.17c pm	1.97	0.52-0.47 pm	1.67
Nethlnd.	2.0275-2.0460	2.0375-2.0425	1.31-1.24c pm	7.50	3.56-3.49 pm	6.91
Belgium	29.77-30.00	29.84-29.86	3-1c pm	0.80	7.3 pm	0.67
Denmark	5.7425-5.8100	5.7500-5.7550	0.90-1.40ore dis	−2.40	2.60-3.10dis	−1.98
W. Ger.	1.8370-1.8840	1.8565-1.8575	1.40-1.30pf pm	8.72	3.78-3.68 pm	8.03
Portugal	49.85-50.15	49.90-50.10	5c pm-10dis	−0.60	par-35dis	−1.40
Spain	71.20-71.65	71.20-71.30	10-30c dis	−3.37	50-70dis	−3.37
Italy	870-875	872-876	1lire pm-par	0.69	½ pm-½dis	—
Norway	5.0050-5.0120	5.0050-5.0100	2.00-1.50ore pm	4.19	4.80-4.30 pm	3.63
France	4.2940-4.3200	4.3025-4.3075	1.90-1.80c pm	5.16	4.80-4.60 pm	4.37
Sweden	4.3295-4.3540	4.3295-4.3310	1.60-1.40ore pm	4.16	4.40-4.20 pm	3.97
Japan	246.80-249.00	248.70-248.80	1.15-1.00y pm	5.18	2.50-2.30 pm	3.94
Austria	13.13-13.29¼	13.14½-13.16½	8.40-7.70gro pm	7.34	23.25-20.75pm	6.69
Switz.	1.7100-1.7480	1.7320-1.7330	1.51-1.43c pm	10.18	4.42-4.34 pm	10.11

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

April 17	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2225-2.2410	2.2230-2.2250	0.03-0.13c dis	−0.43	0.13-0.23dis	−0.32
Canada	2.6280-2.6440	2.6335-2.6355	0.35-0.25c pm	1.37	0.80-0.70 pm	1.14
Nethlnd.	4.51-4.56	4.53½-4.54½	3-2c pm	6.61	7⅜-6⅞ pm	6.06
Belgium	66.20-66.85	66.30-66.40	2c pm-8dis	−0.54	7 pm-3 dis	0.12
Denmark	12.78½-12.93½	12.84¼-12.85¼	2¼-4¼ore dis	−3.03	7½-9½dis	−2.65
Ireland	1.0980-1.1060	1.1005-1.1015	0.10-0.05p pm	0.82	0.29-0.23 pm	0.94
W. Ger.	4.11-4.16	4.12½-4.13½	3½-2½pf pm	8.35	8⅝-7⅞ pm	7.87
Portugal	110.80-111.80	110.80-111.00	10c pm-25dis	−0.81	par-85 dis	−1.53
Spain	158.20-159.00	158.25-158.35	22-62c dis	−3.18	125-160dis	−3.60
Italy	1,921-1,943	1,940½-1,941½	1¼lire pm-¾dis	0.15	½ pm-1½dis	−0.31
Norway	11.16-11.27	11.16½-11.17½	3½-2½ore pm	3.22	9½-7½ pm	3.07
France	9.53-9.62	9.57½-9.58½	4¼-3¼c pm	4.70	10¼-9¼ pm	4.07
Sweden	9.64-9.70	9.64½-9.65½	2¼-1¼ore pm	2.33	8-6½ pm	3.00
Japan	550-558	553-554	2.30-1.80y pm	4.44	5.55-5.00 pm	3.81
Austria	29.20-29.60	29.22-29.27	18-16gro pm	6.97	52-45 pm	6.63
Switz.	3.78-3.89	3.84¾-3.85¾	3½-2½c pm	8.95	9¼-8¼ pm	9.47

Belgian rate is for convertible francs. Financial franc 67.70-67.80. Six-month forward dollar 0.08-0.18c dis. 12-month 0.80-0.65c pm.

CURRENCY RATES

April 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.574644	0.607020
U.S. $	13	1.25301	1.33350
Canadian $	16.2	1.49957	1.58847
Austria Sch.	6¾	17.0241	17.9766
Belgian F.	14	38.3955	40.5519
Danish K.	13	7.42391	7.83466
D'Mark	7	2.38810	2.52232
Guilder	9½	2.61443	2.76195
French Fr.	9½	5.52630	5.83541
Lira	15	1113.97	1176.82
Yen	9	318.910	336.808
Norwgn. Kr.	9	6.45756	6.80353
Spanish Pts.	8	91.3788	96.4655
Swedish Kr.	10	5.55724	5.87101
Swiss Fr.	3	2.2389	2.36923

CURRENCY MOVEMENTS

April 17	Bank of England Index	Morgan Guaranty Changes%
Sterling	73.1	−32.7
U.S. dollar	88.7	−4.9
Canadian dollar	80.7	−17.7
Austrian schilling	153.7	+22.1
Belgian franc	114.6	+13.7
Danish kroner	106.4	−4.6
Deutsche mark	153.7	+43.9
Swiss franc	193.9	+76.5
Guilder	124.6	+19.0
French franc	100.6	−5.9
Lira	53.0	−50.9
Yen	116.2	+14.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

April. 17	£	$		£ Note Rates
Argentina Peso	3926-3946	1762-1769	Austria	29.30-29.60
Australia Dollar	2.0300-2.0320	0.9115-0.9120	Belgium	68.30-69.00
Brazil Cruzeiro	107.07-108.07	48.14-48.34	Denmark	12.84-12.91
Finland Markka	8.49-8.51	3.7970-3.7990	France	9.55-9.61
Greek Drachma	92.124-94.290	41.60-41.90	Germany	4.13-4.16
Hong Kong Dollar	11.095-11.116	4.9830-4.9860	Italy	1908-1960
Iran Rial	n/a	n/a	Japan	554-559
Kuwait Dinar(KD)	0.608-0.618	0.2749-0.2750	Netherlands	4.53-4.56
Luxembourg Frc.	66.30-66.40	29.84-29.86	Norway	11.16-11.22
Malaysia Dollar	5.0710-5.0825	2.2780-2.2800	Portugal	106-111
New Zealand Dlr.	2.3395-2.3415	1.0505-1.0520	Spain	153½-162
Saudi Arab. Riyal	7.38-7.48	3.3290-3.3320	Sweden	9.66-9.71
Singapore Dollar	4.9385-4.9510	2.2180-2.2200	Switzerland	3.82½-3.85½
Sth. African Rand	1.7925-1.7950	0.8060-0.8070	United States	2.230-2.239
U A.E. Dirham	8.29-8.39	3.7345-3.7375	Yugoslavia	50-52

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5087	+1.81	+0.98	±1.53
Danish Krone	7.72336	7.84422	+1.56	+0.73	±1.64
German D-Mark	2.48208	2.51398	+1.28	+0.45	±1.125
French Franc	5.84700	5.84325	−0.06	−0.89	±1.3557
Dutch Guilder	2.74362	2.76535	+0.79	−0.04	±1.512
Irish Punt	0.668201	0.670067	+0.28	−0.55	±1.668
Italian Lira	1157.79	1179.52	+1.88	+1.56	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

April 16	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.224	4.130	553.5	9.580	3.853	4.540	1941.	2.635	66.35
U.S. Dollar	0.450	1.	1.857	248.9	4.308	1.732	2.041	872.8	1.185	29.83
Deutschemark	0.242	0.538	1.	134.0	2.320	0.933	1.099	470.0	0.638	16.07
Japanese Yen 1,000	1.807	4.018	7.462	1000.	17.31	6.960	8.202	3507.	4.760	119.9
French Franc 10	1.044	2.322	4.311	577.8	10.	4.021	4.739	2026.	2.750	69.26
Swiss Franc	0.260	0.577	1.072	143.7	2.487	1.	1.178	503.8	0.684	17.22
Dutch Guilder	0.220	0.490	0.919	121.9	2.110	0.849	1.	427.5	0.580	14.61
Italian Lira, 1,000	0.515	1.145	2.128	285.2	4.936	1.985	2.339	1000.	1.357	34.18
Canadian Dollar	0.380	0.844	1.568	210.1	3.636	1.462	1.723	736.8	1.	25.19
Belgian Franc 100	1.507	3.352	6.225	834.2	14.44	5.806	6.843	2925.	3.971	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.30-17.40 per cent; three-months 16.90-17.00 per cent; six months 15.95-16.05 per cent; one year 15.00-15.10 per cent.

April 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17-17¼	17½-17¾	8½-9½	10⅜-10⅝	7½-8½	8 7/16-8 9/16	12¼-12½	12-14	—	10⅜-10⅝
7 days' notice	17½-17⅞	17⅝-17⅞	8½-9½	10⅜-10⅝	7½-8½	8½-8⅝	12¼-12½	13-15	17¾-18	10⅜-10⅝
Month	17½-17¾	17 11/16-17 15/16	14⅝-14⅞	10⅜-10⅝	7⅜-7½	8 11/16-8 13/16	12¼-12½	16½-18	17⅞-18	10⅜-10⅝
Three months	17⅜-17⅝	17 7/16-17 11/16	15⅝-16	10¾-11	7⅛-7¼	9-9⅛	12⅝-12⅞	17-18	17 11/16-17 13/16	10¾-11
Six months	16⅝-16⅞	16 7/16-16 11/16	15⅛-15½	10⅞-11⅛	7 3/16-7 5/16	9⅛-9¼	13-13¼	16¾-17¾	15 11/16-15 13/16	10⅞-11⅛
One year	16-16¼	15⅛-15⅜	14¾-15⅛	11-11¼	6⅞-7	9-9⅛	13¼-13½	16½-17½	15½-15⅝	11-11¼

Long-term Eurodollar two years 13½-14 per cent; three years 13-13½ per cent; four years 12¾-13¼ per cent; five years 12¾-13¼ per cent; nominal closing rates. Short-term rates are call for sterling. U.S. dollars, Canadian dollars and Japan ese yen; others two days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Dutch rates soft

Dutch rates were generally weaker yesterday, with longer-term rates slightly easier in places, reflecting the softer tenedncy in U.S. rates just recently. While there seems little likelihood of a cut in the Dutch discount rate in the near future, market sources suggested that the next indication of an easing in rates would be a lowering in the surcharge imposed by commercial banks on their lending rates. This stands at 1 per cent at the moment, but could be cut to ½ per cent. Call money was unchanged yesterday at 10¼-10⅜ per cent, but three-month money fell to 10½-10⅝ per cent from 10⅝-10⅞ per cent, and the six-month rate was down at 10⅝-11 per cent compared with 10⅞-11⅛ per cent.

In Paris call money continued to rise, reaching 12½ per cent, up from 12¼ per cent on Wednesday and a one-month low of 12 per cent on Tuesday.

In Frankfurt call money was quoted at 8.75-8.90 per cent, hardly changed from 8.75-8.85 per cent previously. Period rates were generally easier with one-month money down to 9.25-9.40 per cent from 9.35-9.45 per cent and six-month money at 10.30-10.50 per cent against 10.40-10.50 per cent.

In Singapore Oversea-Chinese Banking Corporation became the last of the big four banks to raise its prime rate. It now stands at 11½ per cent up from 10¾ per cent. This is the same level as United Overseas Bank Group, which raised its prime rate last Tuesday. The other two big banks, Overseas Union Bank and Development Bank of Singapore put up their rates the previous week to 11½ per cent and 12 per cent respectively.

UK MONEY MARKET

Extreme shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day to day credit continued to be in very short sully in the London money market yesterday, and the authorities gave assistance on an exceptionally large scale. This comprised a moderate amount of Treasury bills purchased both from discount houses and banks, and a small number of local authority bill all from the discount houses. The help was made up with an exceptionally large amount lent to eight or nine houses at MLR, for repayment today.

The market was faced with the repayment of Wednesday's moderate loans, and a moderate net take up of Treasury bills to finance. Banks brought forward balances a small way below target and there was a small excess of revenue transfers to the Exchequer over government disbursements. The balance of the shortage was made up of payments in respect of gilt sales. There were no appreciable factors in the market's favour.

Discount houses were paying up to 17 per cent for secured loans at the start, with later balances taken between 16 per cent and 17 per cent.

In the interbank market overnight loans opened at 17½-17¾ per cent and rose on the official forecast to 17¾-18 per cent before easing during the rest of the day to close at 12-12½ per cent.

Rates in the table below are nominal in some cases.

GOLD

Weaker trend

Gold fell $18 to $511-515 in very quiet trading in the London bullion market yesterday. It opened at $510-515 and touched a trading high of $511-515. The metal was fixed at $511.50 in the morning, and $513 in the afternoon, and touched a low level of $505-510.

In Paris the 12½ kilo gold bar was fixed at FFr 72,000 per kilo ($519.23 per ounce) in the afternoon, compared with FFr 72,000 ($519.88) in the morning, and FFr 74,350 ($528.51) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 30,780 per kilo ($514.03 per ounce), compared with DM 31,300 ($514.98) previously, and closed at $508-513, compared with $518-523.

In Zurich gold closed at $508-513, compared with $530-535.

	April 17		April 16	
Gold Bullion (fine ounce)				
Close	$509-514	(£228½-231)	$527-532	(£237½-240)
Opening	$510-515	(£228½-231)	$511-516	(£232½-245)
Morning fixing	$511.50	(£229.269)	$513.50	(£233.696)
Afternoon fixing	$513	(£229.633)	$520	(£236.278)
Gold Coins				
Krugerrand	$524-529	(£235-238)	$544-549	(£245½-248½)
Mapleleaf	$515-525	(£231-236)	$540-550	(£244-249)
New Sovereigns	$130-132	(£58¼-60¼)	$134-137	(£60½-62½)
King Sovs	$160-164	(£71-74)	$162-166	(£73-75)
Victoria Sovs	$160-164	(£71-74)	$162-166	(£73-75)
French 20s	$138½-143½		$138-143	
50 pesos Mexico	$645-650		$646-656	
100 Cor. Austria	$500-510		$520-530	
$20 Eagles	$645-650		$645-655	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

April 17 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Over night	—	12-18	—	—	—	17½-17⅞	16-17	—	—	—
2 days notice	—	—	17⅝-17⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅜-17⅝	17¾-17⅞	—	17¾	17⅞	16⅞-17	—	—	—
One month	17 7/16-17 9/16	17 7/16-17 9/16	17⅝	18¼-18½	17⅞	18	16¾	15 15/16-16	17 3/16-17 5/16	17¾
Two months	17 3/16-17¼	17⅝-17½	—	18⅝-18⅛	17⅞	—	16⅝-16¾	16 1/16-16 3/16	17 1/16	17⅝
Three months	17 3/16-17¼	17⅜-17½	17⅝	17⅞-17⅝	17¾	17⅞	16⅝	16⅛	16⅛ 16 3/16	17¼
Six months	16½-16⅝	16½-16⅝	16½-16⅝	17¾-17¼	16⅞	17½	—	—	15⅝-15 11/16	16
Nine months	15⅞-15¾	15⅞-16	—	16½-16¼	16¼	—	—	—	—	—
One Year	15¾-15⅝	15¾-15⅞	16-16⅛	16⅛-15⅞	16⅛	16¾	—	—	—	—
Two years	—	—	16¾-16	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 15⅝-15⅞ per cent; four years 14¾-15½ per cent; five years 14¾-15 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅝ per cent; four-month trade bills 17 per cent.

Approximate selling rates for one-month Treasury bills 15 27/32-15 29/32 per cent; two-months 16 per cent; three-months 15 31/32-16 1/32 per cent. Approximate selling rates for one-month bank bills 17¼-17 5/16 per cent; two-months 17 1/16 per cent; three-months 16 21/32-16 23/32 per cent; one-month trade bills 17½ per cent; two-months 17⅛ per cent and three-months 17 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from April 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1803 per cent.

MONEY RATES

NEW YORK	
Prime Rate	19¾-20
Fed. Funds	18-18¾
Treasury Bills (13-week)	13.60
Treasury Bills (26-week)	12.85
GERMANY	
Discount Rate	7
Overnight Rate	8.82½
One month	9.32½
Three months	10.30
Six months	10.40
FRANCE	
Discount Rate	9.5
Overnight Rate	12.5
One month	12.4375
Three months	12.8125
Six months	12.8125
JAPAN	
Discount Rate	9
Call (Unconditional)	12.25
Bills Discount (three-month)	13.875

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 16, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.594
Algeria	Dinar	3.8325
Andorra	French Franc	4.3735
	Spanish Peseta	72.34
Angola	Kwanza	26.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine. Peso	1761.00
Australia	Australian $	0.92
Austria	Schilling	13.485
Azores	Portug. Escudo	50.575
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	72.34
Bangladesh	Taka	15.8942
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	30.377
	B. Franc (F)	31.29
Belize	Belize $	2.00
Benin	C.F.A. Franc	218.675
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	8.084
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7926
Brazil	Cruzeiro	48.24
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.245
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	218.675
Canada	Canadian $	1.1798
Canary Islands	Spanish Peseta	72.34
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Emp.	C.F.A. Franc	218.575
Chad	C.F.A. Franc	218.675
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.5474
Colombia	Col. Peso (O)	45.73
Comoros Islands	C.F.A. Franc	218.675
Congo (Brazaville)	C.F.A. Franc	218.675
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7235
Cyprus	Cyprus Pound	0.371
Czechoslovakia	Koruna (O)	5.25
Dem.Rep. S'oTome & Principe	S. Tome Dobra	35.7867
Denmark	Danish Krone	5.8732
Djibouti Rp. of	Djibouti Franc	177.394
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	27.20
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	72.34
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.8732
Falkland Islands	Falkland Is. £ *	2.1985
Fiji Islands	Fiji $	0.856
Finland	Markka	3.8355
France	French Franc	4.3735
French C'ty in Af.	C.F.A. Franc	218.675
French Guiana	Local Franc	4.3735
French Pacific Is.	C.F.P. Franc	79.1449
Gabon	C.F.A. Franc	218.675
Gambia	Dalasi	1.8194
Germany (East)	Ostmark (O)	1.8915
Germany (West)	Deutschemark	1.8915
Ghana	Cedi	2.75
Gibraltar	Pound *	2.1985
Gilbert Is.	Aust. $	0.92
Greece	Drachma	41.95
Greenland	Danish Krone	5.8732
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.3735
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	34.7981
Guinea Republic	Syli	19.5041
Guyana	Guyanese $	2.5552
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	5.028
Hungary	Forint (O)	34.00
Iceland	I. Krona	429.70
India	Ind. Rupee	8.084
Indonesia	Rupiah	625.00
Iran	Rial	71.50
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt *	1.9852
Israel	Israeli Pound (4)	42.38
Italy	Lira	881.62
Ivory Coast	C.F.A. Franc	218.675
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	252.10
Jordan	Jordan Dinar	0.3077
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.6398
Korea (Nth)	Won	0.94
Korea (Sth)	Won	583.00
Kuwait	Kuwait Dinar	0.2762
Lao P'pls D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.4432
Lesotho	Rand	0.8072
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.7668
Luxembourg	Lux Franc	30.377
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	218.675
Madeira	Portugese Escudo	50.575
Malawi	Kwacha	0.8125
Malaysia	Ringgit	2.28
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	437.35
Malta	Maltese Pound	0.3439
Martinique	Local Franc	4.3735
Mauritania	Ouguiya	43.735
Mauritius	M. Rupee	7.9087
Mexico	Mexican Peso	22.815
Miquelon	C.F.A. Franc	4.3735
Monaco	French Franc	4.3735
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8702
Mozambique	Moz. Escudo	28.9061
Namibia	Rand	0.8072
Nauru Is.	Aust. $	0.92
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	2.0705
Netherland Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.92
	FNH	70.6771
New Zealand	NZ $	1.0605
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	218.675
Nigeria	Naira (O)	0.5803
Norway	Norwg. Krone	5.099
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N. Guinea	Kina	0.7042
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	264.45
Philippines	Ph. Peso	7.44
Pitcairn Islands	NZ.$	1.0605
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	50.575
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.3735
Rhodesia	Rhd $	0.6935
Romania	Leu	4.47
Rwanda	Rwanda Franc.	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling *	2.1945
St. Lucia	E. Caribbean $	2.7025
St. Pierre	C. F.A. Franc	4.3735
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S $	1.00
San Marino	Italian Lira	881.62
Saudi Arabia	Saudi Riyal	3.3302
Senegal	C. F. A. Franc	218.675
Seychelles	S. Rupee.	6.0632
Sierra Leone	Leone.	0.9097
Singapore	Singapore $.	2.245
Solomon Islands	S.I. $	0.92
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.8072
Spain	Peseta.	72.34
Spanish ports in North Africa	Sp. Peseta.	72.34
Sri Lanka	S. L. Rupee	15.67
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.8072
Sweden	S. Krona.	4.401
Switzerland	Swiss Franc.	1.7668
Syria	Syria Pound.	3.9252
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan. Shilling.	8.2693
Thailand	Baht.	20.50
Togo Republic	C.F.A. Franc	218.675
Tonga Islands	Pa'anga	0.92
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.4131
Turkey	Lira.	74.45
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.92
Uganda	Ug. Shilling	7.6398
United Arab Emir.	UAE Dirham	3.7375
United Kingdom	£ Sterling	2.1985
Upper Volta	C.F.A. Franc	218.275
Uruguay	Urug. Peso (m)	8.67
U.S.S.R.	Rouble	0.6623
Vatican	Italian Lira	881.62
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9523
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	20.7205
Zaire Republic	Zaire Zaire	2.0687
Zambia	Kwacha	0.8101

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.

CORRECTION NOTICE

It was incorrectly stated that the rates published in the Bank of America World Value of the Dollar table on March 28 and April 11 were those ruling at March 19. The dates should have read March 26 and April 9, respectively. The Financial Times appologises to its readers for these errors.

WORLD STOCK MARKETS

Wall St. lower in early trade

STOCKS WERE lower in early moderate trading as investors worried about how severe the expected recession may be.

Recent announcements of extensive layoffs in the motor industry—and the sharp drop in March housing starts and falling industrial production — raised investor fears of a severe recession.

Analysts said that that despite a cut in the prime rate by Chase Manhattan Bank yesterday, rates could turn higher again before beginning a long-term decline.

The Dow Jones Industrial Average was off 3.67 to 767.58 at mid-day. Volume 18m shares (20m). Declines led advances nine to five.

Active Pullman, which lost 4¼ points after announcing a dividend cut. Lost 2½ yesterday to 19½. Conoco Inc. raised its quarterly dividend but lost 1⅛ to 42⅞.

General Motors, which on Wednesday announced plan to layoff 12,000 employees indefinitely, dropped ⅛ to 42⅞ in active trading. Ford Motor dropped ⅜ to 25⅛.

Volume leader International Telephone slipped ⅛ to 25½. A block of 200,000 shares trader at 25½.

Among companies reporting higher first-quarter profit, Alcoa added ⅜ to $54⅞ and Dow Chemical ¼ to $30½ but Smithkline dropped 2⅞ to $45½. R. J. Reynolds ⅜ to $29⅞, and Merck ⅜ to $65¼. Memorex announced a sharp fall in first-period results and lost ¾ to $11⅞.

THE AMERICAN SE. Market Index was off 2.99 to 235.21 at midday. Volume 1.8m shares (1.6m).

Canada

Markets continued a broad retreat in active trading.

The Toronto composite index dropped 17 to 1,801.6. Declines dominated advances by almost four to one.

Union Gas "A" rose ⅛ to $11½. THF Company has agreed to sell synthetic natural gas to Transcontinental Gas Pipe Line, of Houston.

Real state issues were lower as Bramaela fell $1 to $15½, Trizec ½ to $29½ and Cadillac Fairview ⅛ to $17⅞.

Daon Development, the most active industrial issue on 207,740 shares, slipped ⅛ to $5⅞.

Oils took widespread losses as Gulf Canada fell 3½ to $138. Hudson's Bay Oil 3 to $109, BP Canada 1½ to $40, Dome Petroleum 1⅞ to $60⅞ and Asamera Oil ½ to $40.

Among Metals, Cominco lost 1½ to $53½, Falconbridge Nickel "A" 2 to $95 and Inco ½ to $25⅞.

Volume expanded to 2.4m shares from 1.7m at noon yesterday.

Closing prices for North America were not available for this edition.

Tokyo

Share prices rebounded strongly on fresh buying in Oils, Machines and Vehicles after Wednesday's sharp fall.

The Nikkei-Dow Jones Average rose 28.41 to close at 6,798.78. Volume 360m shares (350m). The Tokyo Stock Exchange index closed at 462.48, up 1.19.

The rise was helped by active foreign buying following a sharp yen recovery against the dollar. Investors were generally anticipating that oil-producing nations will increase their investment in Japanese stocks.

Arabian Oil rose Y210 to Y3,570, Nippon Oil Y10 to Y2,440, Tsugani Y43 to Y520, Nissan Motor Y10 to Y690 and Tokico Y37 to Y719.

Shipping lines also firmed on cheap buying with Nippon Yusen rose Y1 5to Y307, Sanko Steamship Y17 to Y347 and Japan Line Seven to Y173.

Export-orientated issues closed generally higher despite an overnight fall on Wall Street.

Turnover on the second market was higher with volume 6m shares (5.5m). The second section Composite Stock Index rose 3.17 to 709.14.

Germany

Leading shares closed higher in very active turnover on rising domestic and foreign investment.

In Engineerings Linde rose DM 12 to DM 306, GHH closed DM 4.50 higher to DM 206.5, but KHD retreated 20 pfennigs to DM 228.8. Kaufhof and Karstadt each gained DM 5 and Horten advanced DM 3 to DM 133 in Stores.

In the Metal-related sector, Degussa gained DM 7 and Metallgesellschaft put on DM 4 to DM 269, Deutsche was up DM 7.50 to DM 250.5 and BMW led Motors gaining DM 4 to DM 160.

In the Electricals sector BBC gained DM 5 and in Steels Thyssen advanced DM 3 to DM 80.5.

In Options Trading prices remained steady, in lively turnover. Interest centred on Chrysler six months call and put options.

On the domestic bond market public authority loans gained up to DM 3, the amount of Bundesbank sales has not yet been calculated.

Mark denominated foreign loans advanced up to DM 3.

Australia

Oil stocks continued to firm in an otherwise mixed market.

Santos led the rise gaining 20 cents to A$7.40 while Woodside Petroleum rose A$12 to A$2.07 on speculation over prospects for its North West shelf fields.

Stronger Base Metal prices made for scattered gains among Minings, and some Gold stocks made ground despite Gold's A$10 fall in New York.

Central Norseman and Poseidon both gained 10 cents to A$6.10 and A$2.30 respectively. Pan Continental Mining rebounded 30 cents to A$5.40.

In Industrials, BHP finished 5 cents higher at A$11.95.

The Sydney All Ordinaries Index was up 2.54 to 782.34 and the Metals and Minerals Index stood at 4,764.88 from 4,728.45.

Hong Kong

Stocks closed generally firmer in active trading. The Hang Seng Index added 16.44 to 814.71.

Most rises were prompted by easier local interbank rates, a lowering of U.S. primes and a relatively firm Hong Kong dollar. There was a small amount of speculative activity.

Dealers said stocks also drew strength from recent good final results of leading companies here.

Hongkong Bank gained 10 cents to close at HK$ 13.50, Hongkong Electric 10 at HK$5.30, Hongkong Land 35 at HK$9.95, Hongkong Wharf HK$2 at HK$64.20 and Hutchison Whampoa 10 cents at HK$7.70.

Jardine Matheson gained 30 to HK$15.40, while Swire Pacific "A" was unchanged at HK$6.90.

Johannesburg

Gold shares closed mostly easier in line with the lower bullion price, although some closed higher against the trend.

Towards the close, 20 gold shares were higher and nine lower in fairly active trading. Mining Financials were mixed, Platinums firmed and Coppers and Collieries eased.

Industrials closed slightly easier with 49 lower and 35 higher.

Paris

Share prices were generally mixed to weaker in thin trading, reflecting Wednesday's fall on Wall Street.

Banks, Oils, Metals, Electricals and Rubbers weakened while all other sectors were mixed.

Saint-Gobain-Pont-a-Mousson, in confirming that it is negotiating for a minority holding in the Italian company Olivetti, eased 10 centimes to FFr 129.70.

Among foreign shares Germans were steady but all other sectors followed Wall Street's decline.

Indices

	Apr. 16	Apr. 15	Apr. 14	Apr. 11	High	Low
Industrial	345.72	366.04	356.83	357.87	425.80 (29/2)	326.21 (27/3)
Combined	317.15	325.51	326.00	325.82	378.90 (29/2)	296.80 (27/3)
TORONTO Composite	1818.59	1851.2	1866.88	1871.5	2192.6 (28/2)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
IBM	657,400	51	−1
Fannie Mae	564,000	13½	+⅞
Exxon	531,000	56⅝	−1
ATT	529,400	50⅝	+⅝
Fla Pwr Lt	415,700	25	+⅛
Gen Tel El	409,300	26⅝	⅞
Texaco	395,400	33¼	−⅝
So Cal Edis	376,400	24¼	+⅝
Texas UT	340,800	17½	+⅛
Mobil	320,800	67½	−1⅛

FINANCIAL TIMES SURVEY

Friday April 18 1980

Health and Safety at work

Greater emphasis on safety and health, encouraged by legislation, has brought a reduction in accidents in a variety of industries. In turn, changed attitudes have stimulated innovation and provided an expanding market for protective equipment and cleaning techniqnes—helping to make work conditions less hazardous.

More concern about hazards

By Alan Pike

THE NUMBER of people killed at work has declined every year since the Health and Safety at Work Act came into force in 1974—but it still reached almost 500 in 1978, the last year for which figures are available.

This is both the good news and the bad news about accidents in the workplace. While there are signs of improvements—and Britain's record is not a bad one compared with most of its European neighbours—the cost in human life and suffering remains a tragic one.

And, of course, this is far from the only cost. Industrial injury benefit alone runs into hundreds of millions of pounds each year and there are many other costs for individuals, employers and society on top of this.

An occasional disaster like the capsizing of the rig Alexander Kielland in the Norwegian Ekofisk field last month, with the loss of more than 100 lives, provides dramatic illustration of the hazardous conditions in which some people work. But the industrial accident figures, while commanding less public attention, convey a similar picture of death and injury in far more mundane workplaces than the North Sea.

The number of deaths in areas for which the Health and Safety Commission is responsible in 1978 was 498, compared with 651 in 1974 when the Health and Safety at Work Act became law. Although the Commission acknowledges that four years is "not enough to be sure that this decline in deaths is a trend," it does believe there has been a pleasing increase of concern in industry about the hazards of work.

"We are confident that awareness of the importance of health and safety is now greater than ever before, encouraged by the new Act and channeleld into a more systematic approach to prevention involving all concerned," says the Commission.

It would certainly be risky to read too much into four years' statistics. The total number of accidents, as opposed to the number of fatalities, has shown much less variation since 1974.

But, insofar as imponderables such as changes in attitudes and increases in interest can be qualified, there have been improvements since the Act came into force. Health and safety occupies a more specific place on the industrial agenda and large numbers of invidiuals have responsibility not only for seeing that the law is enforced, but for educating their fellow managers and workers.

Best seller

On what is often considered a worthy but unexciting subject, the TUC's health and safety at work guide has proved to be one of its best-selling publications, with more than 500,000 sold.

The Health and Safety at Work Act is a highly comprehensive piece of legislation which not only covers the working population but extends to protection of hte general public from hazards emanating from places of work.

One of its key features is the emphasis which it places on employees' participation in ensuring that the working environment is a safe one. Employers are required to provide employees with written statements on company safety policy and the efforts which are being made to implement it.

But the "industrial democracy" flavour of the Act goes further than this, requiring employers to consult legally-established worker safety representatives and safety committees.

This cornerstone of the new Act came into force in October 1978, and while it is too early to evaluate the effectiveness of the worker safety representatives in accident prevention the enthusiasm with which the new arrangements have been received is beyond doubt.

About 60,000 representatives have already benefited from TUC training courses and it is estimated that about 70 per cent of the potential maximum umber of representatives throughout industry have been appointed.

The Health and Safety Commission has supplemented the provisions of the Act, which provide safety representatives with two codes of practice about how the system should operate.

The first calls for co-operation between employers and employees in promoting essential measures to ensure health and safety and advises companies on the type of information they should make available to safety representatives—the need for as much progress as possible to be made through co-operation between the two sides of industry is one of the fundamental planks of the Commission's philosophy.

In its second code of practice the Commission gives advice on arranging the time off to which safety representatives are entitled for training.

Safety representatives are entitled by law to be provided with facilities for carrying out regular inspections of work areas, to inspect documents and to carry out inspections in the event of accidents.

As with so much of the wide-ranging change in employment-related law carired out by the last Labour Government, opinions in nidustry about the impact of the new safety laws vary widely. Employers can be found who regard the arrival of trade union safety representatives as an unwelcome intrusion, while others believe that the new arrangements have improved both communications on safetty matters and industrial relations in general.

Seminar

Research being conducted at London University should provide some valuable information on the industrial relations implications of the Health and Safety at Work Act.

For trade unionists, the most immediate threat to the growing effectiveness of the law is the economic one. At times when company profits are under pressure spending on safety improvements does not always command the highest priority.

Union leaders are also disturbed that the Health and Safety Commission has been required to share in the Government's general spending cuts. "The Government has increased spending on law and order, but reduced the budget of the body which is responsible for implementing the law on safety," one union leader commented.

The Commission, appreciating that the finest of ideas are unlikely to be greeted with enthusiasm if they are prohibitively expensive, has just established a new unit which will assess the implications "both technically and commercially" of its proposals for improving health and safety. Where possible these assessments will be included in consultative documents.

If the field of industrial accidents tends to be the more highly publicised aspect of health and safety work — if only because statistics on it are more easily compiled — there is also a strong growth of interest in accupational health. Efforts to make the workplace a healthier, as well as safer, place to be are among the top priorities of the safety representatives attending the TUC courses.

The next move in the campaign to raise and maintain the status of health and safety as an industrial and social issue is the first national conference on the subject, in London later this month, sponsored jointly by four bodies: the Health and Safety Executive, the British Safety Council, the Royal Society for the Prevention of Accidents and the Institution of Industrial Safety Officers.

A glance at the agenda for this conference illustrates the very considerable range of issues which come under the health and safety at work umbrella: The role of the safety professional and the voluntary and professional safety bodies . . . The control of toxic substances . . . The effect of the EEC on health and safety policy in the United Kingdom: Accidents—organisation inadequacy or human failing? . . . The role of communications in improving health and safety standards . . . What can you expect of an occupational nurse? . . . Can insurance influence safety promotion and accident prevention?

Implications

The conference will open with a special seminar on the contribution of senior management to health and safety at work, to be addressed by Mr. Len Murray, general secretary of the TUC, and Mr. Richard Amis, chairman of the CBI's safety, health and welfare committee.

Admision to this seminar will be restricted to directors of larger companies and members of the governing Boards of public authorities. They will discuss such questions as the implications of health and safety for profitability and competition.

The seminar acknowledges the need felt by health and safety professionals for management to take a lead on the issue, both in setting their companies' pace on safety and providing the resources for improvements to be carried out.

The rewards of an effective health and safety policy, the professionals are convinced, are not restricted to reducing avoidable damage to health in the workplace, but can be counted in terms of improvements in productivity, industrial relations and shopfloor attitudes as well.

Legislation having some impact

UP TO 1,500 people will die from accidents at work or from recognised industrial diseases this year, and a further 300,000 will be injured at work.

Nevertheless behind these tragic statistics there are indications that health and safety legislation is having an impact on safety awareness and consequently upon the incidence of accidents at work.

The Health and Safety Commission's annual report for 1978-1979, published last month, noted that 150 fewer people were killed in accidents at work in comparable industries in 1978 than in 1974—the year that the Health and Safety at Work Act was passed.

Although it is unwise to regard the fall in the number of fatal accidents as a trend, the Commission has paid credit to all those at work who had contributed to increased awareness of hazards and a more systematic approach to accident prevention.

Apart from the Act itself and the initiatives of both the Commission and its executive, other factors which may have contributed to a reduction in fatal accidents include the introduction of safety representatives and safety committees in industry, and the setting up of 22 national industry groups in 1977 to monitor, check and improve safety procedures in specific industries.

Provisional figures for 1978, the latest available, show that 750 people covered by existing health and safety legislation died as a result of accidents at work.

For the first time these figures include 123 fatal accidents among the so-called "new entrant" sectors. These areas, like hospitals and educational establishments, employ about 8m people and have been drawn into the net of safety legislation by the Act for the first time.

Leaving aside fatalities in the new entrant sector the figures show a steady decline in the absolute number of fatalities although in some industries, particularly railways, coal mines and quarries, the incidence of fatal accidents increased in 198.

The 498 fatalities in industries covered by the Commission or its agents, excluding new entrants, was the lowest figure in the five years covered by the table. Between 1977 and 1978 there was a reduction in fatalities in all the major sectors except railways, coal mining and quarrying.

The total number of reported accidents (table on page 11) showed a slight overall increase although the rate of accidents fell in all but the manufacturing, construction and quarrying sectors.

Mining

The latest full set of accident statistics, covering 1976, was published last year. From this and other reports, particularly those of the national industry groups it is possible to build up a picture of hazards within particular industries:

● **Quarries:** Quarrying, including opencast coal mining is the most dangerous industry in terms of the rate of fatal accidents. Although the rate is based on a low average of only about 15 fatalities a year, it has remained consistently high.

The major hazards in quarrying are falls and accidents involving vehicles. In 1978 six of the nine deaths in opencast coal mining involved haulage and transport, with the size of the dump trucks and poor visibility for drivers being the main contributory factor. Cab viewing aids such as closed circuit television are now being developed to ease this particular hazard.

Although quarries are probably the largest users of explosives, the industry has a good safety record in this respect. Only two serious accidents involving explosives occurred in 1978.

The fatal accident incident rate is significantly higher than for other industries, but the annual incidence rate for all quarrying accidents has fallen significantly from 6.140 per 100,000 at risk in 1972 to 3.890 in 1978 and the industry's overall accident rate is now similar to other industries.

● **Coal Mining:** This industry continues to bave the highest accident incidence rate. However, under-reporting—a major factor distorting safety statistics in general—is minimal.

The rate for total accidents in the industry in 1978 at 18,880 per 100,000 at risk. Although considerably down on the 1973 figure of 24,610 per 100,000, it was more than five times as high as rates in manufacturing, construction and quarrying.

A better indicator of trends in an industry where the level of industrial activity fluctuates from year to year may well be frequency rates based on manshifts. These figures suggest that total accident frequency rates in coalmining are continuing to decline.

Within the industry transport operations below ground remain the major cause of accidents despite a safety campaign launched by the industry in 1978. About 15 per cent of the surface accidents involve outside contractors' employees.

Underground roof falls pose the second highest threat to miners, accounting in 1976 for 89 serious accidents and 13 fatalities. The number of underground fires, although mostly minor, is increasing. Of 63 reported dangerous incidents involving fires in 1977, 75 per cent were blamed on the use of electricity or the operation of belt conveyors.

On a more encouraging note the number of certified cases of pneumoconiosis is continuing to decline, probably largely as a result of improved dust control and medical supervision.

● **Railways:** As with coalmining, fatal accident incidence rates—which increased for railways in 1976 and again in 1978 — are affected by the nature of the industry in which one incident

CONTINUED ON NEXT PAGE

Five-year programme for inspectors

A LARGE part of the job of improving health and safety standards involves co-operation, education and trying to change attitudes. But, like any other law, the Health and Safety at Work Act and related legislation also has to be enforced.

This is the work of the inspectorates working to the Health and Safety Executive and responsible for factories, explosives, mines and quarries, nuclear insctallations, industrial air pollution, railways and agriculture.

The main weapons used by the inspectorates to achieve compliance with the law are the various forms of enforcement notices available to them. While these do not carry the same stigma as prosecution they are found to ve very effective. Last year about 15,000 notices were issued—leading to 100 appeals of which only five were upheld.

There has also been some recent evidence of the courts being prepared to impose heavy penalties in cases which have led to prosecution.

The factory inspectorate—whose 1,000 inspectors are the best-known single group although they form only about a quarter of the total inspectorate manpower—are responsible for the planned inspection of the huge range of workplaces which are now covered by the Act. These include not just factories but such places as universities and hospitals.

In a field where demands on the time of inspectors is considerable a five-year programme has been developed to try to ensure that staff are effectively deployed, that they can be diverted to meet suddon urgent needs and are able to cope with the expected increased workload from forthcoming legislation.

Requests

It is intended that all the specialist work of inspectors should be arranged to ensure that about half their time remains available "to investigate accidents, incidents and complaints which are perceived at the local level as deserving attention, and to respond to requests for advice and help from both sides of industry."

The Health and Safety Executive commented in its 1978-79 annual report that since October 1978, when the legislation providing for worker safety representatives came into force, inspectors found "a more formal and informed attitude" among workpeople who had interested themselves in health and safety issues.

Advice to management was also able to take more complex forms. It was the inspectors' experience that the provisions of the Act affecting the safety of members of the public were also becoming more widely known.

Another arm of health and safety work is the Employment Medical Advisory Service, which provides medical advice to all seven inspectorates as wel as to outside bodies such as the Manpower Services Commission. Its occupational health workload has increased enormously in recent years, since the Health and Safety at Work Act brought between 7m and 8m more people within the scope of safety legislation.

The commission's medical advisory committee has set up an occupational health sub-committee with members from the TUC, CBI and professional bodies to consider schemes including a trial occupational health service, run by a nurse, for small factories. An examination is also being conducted of the costs an dbenefits of occupational treatment facilities under the National Health Service.

Local authorities also have responsibility for enforcement of the Health and Safety at Work Act i nsome premises, such as shops and offices. The Health and Safety Commission has for the first time produced a report on the problems and effectiveness of enforcement in these areas.

The report's overall evidence is that employers in large organisations are "moving towards looking at complete work activities, with attempts being made to introduce safe systems of work and to formulate comprehensive safety policies."

The report says that increased awareness of responsibilities towards visiting contractors and the public is evident, with some large offices making health and safety details available to visitors and requiring contractors to produce their own safety policies before starting work in the premises.

"In many of the larger premises where safety representatives had been appointed and safety committees set up, there was good liaison between employers and employees on matters of health and safety."

However, the local authority inspectors found a different picture in smaller businesses. Here, they reported, "there was a lack of awareness among both employers and employees of their duties under the Health and Safety at Work Act."

Employers were sometimes reluctant to take advice from officers "or accept that the duties applied to them, particularly in the case of small family-type businesses not subject to previous legislation."

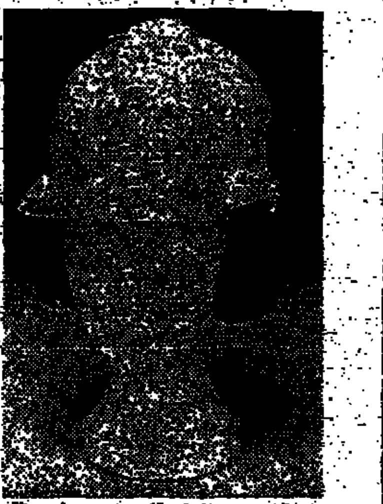
Activities giving cause for concern were found mainly in shops and warehouses. Inadequate stacking of goods in warehouses and storage areas caused accidents connected with mechanical and manual lifting and handling. Operation of fork-lift trucks also caused partieular concern.

"Considerable hazards," said the local authority inspectors, were also found in butchers' shops and catering premises "where employees and self-employed personnel tended to disregard matters of health and safety despite the dangerous machinery used on the premises. Hazards in public houses, such as poor cellar practices and misuse of electrical equipment, were found in many premises inspected."

But the local authority inspectors felt that in general the Act provided them with effective powers to enforce satisfactory conditions in the premises inspected.

Alan Pike





Engineers (left) wearing ear-defenders with a two-way communication link, from Chapman and Smith, of Lewis; centre, an example of a "Clear-ways" air-fed vizor from Safety Products; and right, the Centurion safety helmet, widely used in the coal and steel industries, and made by Thetford Moulded Products of Norfolk.

ACCIDENTS AT WORK

Sector	1974	1975	1976	1977	1978*
	Number of accidents (accidents per 100,000 at risk)				
Reported to HSC enforcement authorities under:					
1 Factories Act					
Manufacturing industries	199,090	184,324	181,065	187,901	187,052
	(3,520)	(3,490)	(3,480)	(3,590)*	(3,620)
Construction industry	34,598	35,579	36,139	32,815	33,800
	(3,330)	(3,460)	(3,530)	(3,300)*	(3,390)
Other industries	23,242	23,237	24,481	24,324	26,261
Total Factories Act	256,930	243,140	241,685	245,040	247,113
2 Offices, Shops and Railway Premises Act	16,669	17,198	18,359	19,243	21,534
3 Explosives Act	24	32	51	50	53
4 Regulation of Railways and Railway Employment (Prevention of Accidents) Acts	5,592	5,781	5,620	5,277	5,308
	(2,2770)	(2,920)	(2,920)	(2,980)	(2,870)
5 Mines and quarries					
Coal mines	49,642	54,071	50,788	49,315	46,836
	(19,340)	(20,860)	(19,960)	(19,520)	(18,880)
Other mines	539	583	870	807	607
	(12,450)	(11,580)	(16,490)	(13,920)	(11,470)
Quarries	2,003	1,889	1,672	1,891	1,861
	(3,900)	(3,730)	(3,400)	(3,810)	(3,890)
Total mines and quarries	52,184	56,543	53,330	52,013	49,304
6 Agriculture	5,742	5,230	5,247	4,818	4,554
	(1,890)	(1,800)	(1,800)	(1,600)	(1,520)
7 Mineral Workings (Offshore Installations) Act	449	591	718	868	1,334
Total under existing legislation	337,590	328,515	325,010	327,309	329,200
8 Health and Safety at Work Act (new entrants)	x	x	x	x	16,815
Total reported to HSC enforcement authorities	x	x	x	x	346,015
Reported to other authorities					
9 Merchant seamen (non-fatal accidents only)	1,347	1,390	1,255	1,426	1,375
Fishermen—deep sea trawlers	781	624	827	618	600

* Provisional.

Source: Health and Safety Commission.

Legislation

CONTINUED FROM PREVIOUS PAGE

can lead to a number of fatalities.

The movement of vehicles or trains is the largest single cause of accidents. In 1978 the number of accidents remained stable, but fatalities rose by 14 to 48. This upward trend contined into 1979.

The Chief Inspector of Railways, in his 1978 report published last December, drew particular attention to "the deaths of railwaymen who needlessly expose themselves to the risk of being run down by trains by taking short cuts across running lines and by walking on the line with their backs to oncoming traffic." During 1978 nine deaths were caused this way.

Among nine workers who died in non-movement accidents, five died as a result of electric shock from electrified lines.

Criticism

● **Construction:** Standards of safety in parts of the construction industry have been the subject of particular criticism — and subsequent controversy — in successive health and safety reports.

Despite a continuing fall in the number of fatal accidents, from 156 in 1976 to 119 in 1978, reports remain critical of some practices and parts of the industry — particularly smaller and less responsible companies.

Concern about the accident rate is strengthened by the belief that the industry is working at considerably below capacity because of a downturn in economic activity and also because it is believed that there is a high degree of under-reporting within the industry. Thus the manufacturing and construction industries appear to have similar accident incidence rates — about 3,500 per 100,000.

The main cause of accidents in construction work is falls. In 1977 more than 56 per cent of all accidents were caused by falls. However, the most notable improvements in the industry's safety record have occurred in the number of accidents involving falls of men and materials, excavations and electricity. But the number of poisoning and gassing accidents more than doubled in 1977.

Six main trades accounted for 47 per cent of all fatalities within the industry in 1977: painters (18 deaths), roofing workers (16), steel erectors (9), demolition workers (8), scaffolders (5), and steeplejacks (5).

● **Agriculture:** Tractors overturning remains the main hazard to farmworkers and others on farms although there has been a steady decline in deaths from this cause, from 41 in 1967 to 18 in 1977. The decline is expected to continue as the now-compulsory safety cabs come into use.

Explosions

The total number of fatal accidents in agriculture fell from 32 to 25 in 1978, of which five were due to electrocution. The use of electrical equipment in damp conditions and the use of dangerous chemicals are major hazards for farm workers.

● **Manufacturing:** This widely-varied sector continues to have the lowest annual fatal incidence rate among the major industries despite an increase of one to 160 in the number of fatal accidents in 1978 and a marginal increase in the incidence of accidents.

Falls from heights, fires and explosions and accidents involving the handling of goods are the commonest causes of accidents in factories followed by accidents involving process machinery in operation and overhead travelling cranes.

Accidents involving flammable liquids, the fire risk associated with polyurethane foam and the welding or cutting of articles which have contained flammable substances are also causing concern.

The latest report from the Chief Inspector of Factories drew particular attention to the increasing number of accidents, often involving maintenance staff, caused by computer-controlled equipment.

Within manufacturing industry the accident incidence rate varies widely. Coke ovens and manufactured fuel has the highest incidence rate. The highest number of fatal accidents occurred in general iron and steel manufacturing, while the highest number of total accidents happened in motor vehicle manufacture, although incident rates are relatively low.

● **Offices, shops and other premises:** Detailed examination of the major hazards facing workers in these areas is made difficult by the belief that under-reporting of accidents—even fatal accidents—in this sector is high.

The most common reported accidents involve falls, which account for more than a third of total accidents reported. Further sub-divided, flls are responsible for almost half the accidents in offices, followed by accidents involving stepping on or hitting objects. In warehouses accidents involving the moving of goods head the list, while in shops accidents involving the use of hand tools come third after falls and moving goods.

Local authority inspectors, who are now responsible for enforcing safety legislation in these areas, have also pinpointed inadequate stacking and storage in shops and warehouses as a major hazard when goods are moved. The inspectors also discovered "considerable hazards" in butchers' shops and catering premises, where they claim "matters of health and safety tended to be disregarded." Even in public houses they found widespread misuse of electrical equipment.

The extension of health and safety legislation into new-entrant areas is providing, for the first time, information about health hazards in places like schools, universities, water works and hospitals. Studies of these areas is likely to have a spin-off effect on safety in others such as offices, which are traditionally regarded as "safe."

Paul Taylor

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Restrictions on women under review

THE GOVERNMENT will have to reach a decision eventually on whether special legal restrictions on the hours and conditions of work of women should be abolished, a subject where the industrial and political implications are by no means simple.

After a three-year review of protective legislation the Equal Opportunities Commission came to the conclusion last year that the legal controls could inhibit equal opportunity and cause discrimantion against women. The most fundamental recommendation of its detailed report was that the legislation providing different hours of work for men and women should be removed or—in cases where health and safety demanded it—applied equally to both sexes.

The Health and Safety Commission is now taking consultations on the report and will then be responsible for putting any proposals for changes in legislation to the Government. But although the Commission is giving early consideration to the need to revise legislation on manual handling—some industries have different weight-lifting limits for men and women—and has published new regulations on hazards to women from exposure to lead and ionising radiations, the main decisions still have to be taken.

Much of the legislation restricting women's hours and conditions of work stems from iVctorian times, when it was seen as enlightened social reform. The question today is whether such laws have outlived their usefulness and, with contemporary social attitudes, have become a positive barrier to women achieving equality in the workplace.

In broad terms, unless their employer is exempt, women manual workers are restricted to:

- Working not before 7 am or after 9 pm;
- Working not more than 10 hours a day or 54 hours a week;
- Not working at weekends except on Saturday mornings;
- Completing not more than 4½ or 5 hours continuous work without a 30-minute break.

Many trade unionists believe that rather than lifting these restrictions on women's working hours, they should be extended to cover men as well. This is an option which was considered by the Equal Opportunities Commission when preparing its report but the majority view was against this course.

The Government felt that, apart from causing administrative difficulties, it would not solve the problem and, because of the exemption system, would have little or no effect on men's actual working hours. Most workers of both sexes operate within the 54-hour week maximum set for women.

However, the Commission did propose a code of practice on hours of work of all industrial workers. This is intended to give employees a right to be consulted over major changes in hours of work and to minimum conditions as set out by the Health and Safety Commission.

Barrier

The case for arguing that the protective ...legislation is a barrier to sex equality included evidence that women were not taken on for apprenticeships where these involved night-work. More generally, night-work pays about 25 per cent to 3 0per cent better than day work. But unless an employer gains an exemption — about 60,000 women were able through such exemption orders to work nights when the report was prepared — these higher-paid jobs are available onl yto men.

Many jobs involving long hours are skilled ones and, it was argued, removal of the legal restrictions would give women a better chance of competing for these. It would also inpects of women in industries where working hours are affected by a large amount of seasonal or emergency overtime.

Before coming to its conclusions the Equal Opportunities Commission ordered a survey on attitudes to protective legislation, which was carried out by the Office tof Population Censuses and Surveys. This found that 60 per cent of women were in favour of being allwed to work double day shifts — at present this is prevented by the hours legislation unless an employer has an exemption order — and 40 per cent favoured being permitted to work at night.

The survey disclosed that 11 per cent of women were willing to work nights. But, commented the Commission: "If the law is changed there appear to be numbers of women willing to take up night work if it is available. The proportion of women with young children who are willing to work at night is even higher than that for women as a group."

Although about two-thirds of the women who were prepared to work shifts foresaw problems in changing their hours of work, they did not regard these as insurmountable barriers. The survey did, however, produce some evidence that husbands who work shifts prefer their wives not to work at all "in order to preserve a stable domestic routine."

Internationally there is a move towards applying protective legislation equally to both sexes—but in some countries this is being done by abolishing restrictions on women's conditions of employment while in others the protective legislation is being extended to men.

The Commission found itself confronted with both of these conflicting arguments when compiling evidence for its report—and there can be no doubt that this aspect of the debate will be revived before the Government makes a decision on changing the law.

The TUC argued that research had demonstrated that night work was harmful to a large majority of workers, and said that unless removal of the ban on women working at night was accompanied by "an overall reduction of working hours and a re-allocation of household duties women would intensify their workload and consequently injure their health and the well-being of their families."

Medical evidence, the TUC concluded, demonstrated that legislation controlling hours of work was justified on health, safety and welfare grounds and it recommended extending the existing legislation to cover men.

In total contrast the CBI said that it was aware of no evidence to justify legislative restrictions on the hours of work of adults on health, safety and welfare grounds and declared itself "completely opposed" to extending the restrictions to men.

It considered, on the contrary, that "all the present restrictions on the hours of women are archaic and irrelevant in present-day conditions and are certainly an impediment in many situations to equal opportunities of employment for women." There was, said the CBI, an "overwhelming case for repeal of all the current legal restrictions" and to do so would not reduce health, safety and welfare standards.

While working hours and related issues form the main area of the debate over the equal employment of women, other aspects of protective legislation are also under review. These include provision for return to work after childbirth, distinctions in the employment of young people and the employment of women below ground in mines.

In addition to deciding what recommendations to put before the Government on protective legislation, the Health and Safety Commission has responsibility for taking consultations on the harmonisation of safety laws between EEC member states. Recent subjects have included a uniform system of safety signs and colours in places of work throughout the EEC and the metrication of some health and safety legislation.

Alan Pike

A welder in the workshops of ICI Agricultural Division's Severnside works, where more than 1,500 spatial noise absorbers mounted in the roof have improved working conditions

Factories not clean enough

BRITISH factory-owners still do not place the same emphasis on factory cleaning as do their continental counterparts, according to one British commercial cleaning company.

Mr Barry Lester, chairman of B. A. Lester, Cleaning Contractors and Consultants, said that in Germany, Scandinavia and Holland in particular, it was more generally recognised that labour efficiency was associated with cleanliness.

"In this country we have a more old-fashioned view that it is not to important to provide a clean environment for employees. In the UK the standard of cleaning is more determined by the health inspectors.

"Premises will be given extra cleaning if the inspector says they are dirty, whereas on the Continent the employer takes more preventive maintenance and cleansing action."

This is a viewpoint which is cautiously supported by the Health and Safety Executive, which has more than 800 factory inspectors making inspections of industrial and commercial premises.

A spokesman said: "It is very difficult to compare the situation with that in other countries. But we would like to see a greater recognition that there are physical as well as biological hazards associated with a lack of cleanliness.

"It can be shown that a number of accidents—such as tripping and slipping-over—occur as a result of "poor housekeeping," or the failure to keep the working environment in good order. The accident may not result in an injury which is, by law, reportable, but a strained wrist or backache can result in absenteeism."

Professionalism

The cleanliness of factories and their general maintenance is governed predominantly by sections in Part 1 of the 1961 Factories Act and the 1974 Health and Safety at Work Act of 1974. There are also various references to cleanliness in a number of other regulations.

In line with these developments has come increased professionalism in the cleansing industry, with more sophisticated cleaning methods, equipment and training of personnel.

The traditional media image of the "Mrs. Mopp" is one which the professional cleaning industry deplores. For a start, many employees in factory cleaning are male, and colleges and polytechnics as well as the industry itself run courses covering every aspect of cleaning—from hygiene in specialised areas to work study and labour relations.

The City and Guilds of London Institute offers a part-time course leading to the Certificate of Cleaning Science and the British Institute of Cleaning Science, set up in 1961, has been keen for some time to see a more senior qualification introduced.

B. A. Lester, for example, offers a formal apprenticeship scheme for school leavers. Entrants to the scheme are fully indentured and undertake a three-year programme to gain proficiency in modern cleaning techniques and management.

Modern techniques and demands have led to the provision of ne wservices. Two years ago Factory Cleaners, an associate company of Office Cleaning Services, set up a Health and Hygiene Services division which specialises in "deep cleaning."

Regulations

A spokesman said: "Regulations concerning health and hygiene in kitchens or food preparation plants are very strict and we developed this specialised division to deal with the work." Specially trained cleaners regularly wash and dismantle work areas where food has been handled to supplement general cleaning work.

Cleaning food preparation areas, as well as the very specific needs of hospitals and similar premises have led to the development of new cleansing agents. Earlier this year, Wipex Products introduced a disinfectant system which, it claimed, "destroys all harmful germs at a wipe."

The system, described by the company as a "technical breakthrough," involves a wide-spectrum bacterical mix being ionically bonded over the whole area of a non-woven cloth. Then, using a similar ionic bonding technique, an indicator dye is attached to the bactericides, not to the cloth. Thus when the dye fades it shows the user that the bactericide is about to fall below effective strength.

Wipex says that the indicator dye reduces the need for expensive supervision and the system cuts out the measuring, mixing and rinsing of ordinary disinfecting routines—in practice open to human error.

Cleaning companies have also tightened up on their workers' own safety. One company states in its rule book for employees: "The safety of the individual is paramount, and supervisors and managers must be ever watchful for unsafe or inefficient equipment and ensure its withdrawal from service."

Detailed notes are also given on the dangers of mixing bleach products with scouring powders and acid products. There are also detailed instructions for employees using ladders or scaffolding towers.

Cleaners who are members of the General and Municipal Workers Union are soon to be supplied with a guide to common cleaning agents which also outlines the amount and sort of information they should have on the materials.

Under Section 6 of the Health and Safety at Work Act a supplier of materials used at work has a duty to provide information on those products. This information includes possible toxic effects and precautions that should be taken when handling each product.

Mr. David Gee, the union's national health and safety officer, said: "Employers are being slow to provide this information, although many do not know they have the right to ask suppliers for it.

"We are to supply our safety representatives in factories and similar places of work with a model letter which they can send directly to a supplier of substances they use. The letter asks such things as the chemical names of the products. However, there are employers who are taking the matter just as seriously as we do."

Lisa Wood



Technicians wearing "Kestrel" safety spectacles (left) and a "Super Vizor" face-shield (centre) from Safety Products, of Redhill, Surrey; an engineer (right) wearing a "Lifesaver" industial safety harness from Britax, of Byfleet, Surrey

Safety equipment more comfortable

WORK CAN seriously damage your health—and your life. Two people die every working day in Britain's factories, building sites, foundries, offices and shops as the direct result of industrial accidents. Another two die from work-related diseases such as asbestosis and pneumoconiosis.

These figures, although widely accepted as being too high, represent a big improvement over the situation a decade and more ago. This has been brought about largely by the Health and Safety at Work Act of 1974 and the resulting change in attitudes by employers, employees and trade unions to occupational health, safety equipment and protection for the individual.

The safety equipment market has grown into a £30m a year business with companies investing increasing time and amounts of money into finding more efficient and acceptable products to protect workers both from themselves and their working environment.

By law, employers must provide the right safety equipment and make sure it is used. The importance of doing so is underlined not only by the legal consequences of not doing so but also by the financial loss to the country.

Industrial Britain loses about 300m working days a year through sickness and an additional 24m through accidents. This represents about £2.5bn a year and prompted the British Safety Council to comment: "Britain is slowly bleeding itself of its most valuable asset—its workforce."

Attitudes

Althouhg the Safety Council and the Health and Safety Commission have always placed great emphasis on human attitudes and behaviour in making work places safer and healthier, there comes a point where technology must provide the answer.

The problem is that even with the laws and the technology, if the employee does not like the equipment available there is little that anyone can do to force him to use it, especially if the danger is insidious rather than tangible.

Therefore, much of the innovative work in the safety equipment field has involved trying to provide more comfortable unobtrusive or acceptable items while maintaining, as far as possible, the level of protection.

The bulk of the effort goes into protecting the head: the eyes, ears, nose, mouth and air passages to the lungs.

For eey protection the major advances have been away from heavy, uncomfortable masks, goggles and spectacles to lighter and more fashionable designs which have encouraged many more workers, particularly women, to protect their eyes at all times.

The safety products division of the American Optical Company in Britain has claimed a breakthrough by providing polycarbonate lenses—single vision and bi-focal — to replace glass.

The company is about to market a full range of frames with the lenses which have the highest stress factors and meet the highest impact standards.

"It has been a technological breakthrough to get optically workable glasses with this material," said Mr. Denis Rousell, product marketing director (Europe), who is also chairman of the British Industrial Safety (Protective Equipment) Manufacturers Association.

Other manufacturers have also been working to provide industrial prescription glasses in light, fashionable frames and this has extended to goggles and masks which are now less heavy and are no longer made of materials which cause heavy perspiration. Coupled with this has been the introduction of photochrome filters for welders. The filters darken down to the protection level of a normal welder's mask almost instantaneously when an electric arc is produced.

The filters are now incorporated i na new helmet, leaving the welder with both hands free compared with only one when the traditional welder's hand-held shield is used.

One problem is that the helmet incorporating the new filter costs about £90 compared with £7 for a normal shield. But a welder with two free hands is more efficient and a welder with good vision is more productive than one with welder's fish, a condition which eventually causes detached retina.

A further advancement in this type of eye protection has come from American companies providing safety equipment to welders working on the North Sea oilfields. The latest helmet has a filter section which can be flipped up leaving a normal protective screen in place.

Two companies, Protector Safety Products (UK), of Slough, and Thetford Moulded Products, in Norfolk, are among those working to provide a composite head protector comprising helmet, visor and ear protectors in one piece — without using nuts and screws but instead using a "slot-fix" system of assembly.

One difficulty about protecting the ears—since the days when women employed in weaving sheds went deaf and communicated by lip reading—has been to develop effective ways of communicating with people wearing ear protection.

Chapman and Smith of Lewes, Sussex, have developed ear protectors with speech microphones and flexicord connectors for carrying on conversations in heavy noise areas. The earphones have built-in solid-state amplifiers with individual volume control.

In addition to ear plugs and muffs, noise helmets are also now available. They are produced from specially shaped acoustic insulating material and they protect the bone structure of the skull and neck which transmits very high-intensity noise to the ears.

Particles

A principal are to be protected has always been the mouth because of the extreme danger of inhaling toxic substances into the lungs.

The problem with dusts is that if they are visible the particles are too large to be respirable and will stick to the mucus linings of the air passages. Therefore, it is invisible dusts, of particle size less than 10 microns and larger than ½ micron, which are the real danger because they damage the alveolae in the lungs.

Until recently face masks and respirators worked on the principle of forming a seal around the face. One innovation has been to introduce a system which blows fresh air around the worker's face, thereby blocking the entry of any unwanted or dirty particles. This system has been employed in the steel, metals, chemicals, rubber, plastics, textile, cosmetics and pharmaceutical industries to great effect.

Another technological breakthrough was the introduction of the positive pressure principle inside breathing apparatus. Under the old system, which worked like a diving mask, negative pressure kept the fit sealed but any leak would mean the automatic entry of toxic substance.

Positive pressure maintains an unnoticeable higher pressure inside the mask which fits more loosely. As soon as a gap appears air exits, rather than toxic substance entering. This changeround in emphasis, producing much safer apparatus, has now been adopted by all fire brigades in Britain and is increasingly in use by the National Coal Board and the British Steel Corporation.

Mr. Bill Parker, a councillor of the Industrial Safety (Protective Equipment) Manufacturers' Association, works for Aga Spiro, one of the leading manufacturers of this type of equipment.

He said: "One of the great dangers in this area is ignorance on the part of employers. For example, some buy oxygen therapy devices under the illusion that they are rescuscitators. We are working with the Safety Equipment Distributors' Association to ensure that all salesmen can advise purchasers with authority about what equipment best serves what purpose."

An interesting innovation in rescuscitation is the revival by the Medishield section of the British Oxygen Company of a technique more than 25 years old. This is the use of Entonox—a mixture of nitrous oxide and oxygen — which gives oxygen therapy and pain relief to the same degree as morphine but without the side effects.

Its primary use was for women in labour but its new applications will be in industry for treating injured workers and to give immediate relief to heart attack patients.

Although the various forms of protective clothing and foul weather gear, together with the multitude of gloves, some of which can withstand the effects of the most corrosive acids, have traditionally been well accepted by workers, footwear has been another story.

The problem, mainly with women, has been that footwear incorporating metal plates in soles and steel toecaps has been both ungainly and heavy.

The industry has concentrated therefore on producing more fashionable protective shoes, which can pass the drop test of up to 160 lb (an object of that weight dropped from 2ft 6in) but which would not be noticeable as protective shoes if worn on the bus or in the street.

Campaigning

Betts and Broughton have been among the forerunners of producing shoes which women on the shop floor will accept and now markets a range of styles costing about £8 to £10. As shoes traditionally have been free issue to men, the trade unions are now campaigning for the same practice to apply to all women.

Members of the Industrial Safety (Protective Equipment) Manufacturers Association stress that if the attitude to personal safety equipment can be improved still further, the attitude to safety in general will improve. For example, an awareness of the necessity to use guarded ladders with non-slip rungs and stabiliser feet is expected to result, eventually, in the refusal of workers to use any ladder that is less safe.

Safety harnesses with good shsock absorption and comfortable arrest will naturally replace those with uncomfortable arrest.

"The law alone is not enough. Education and awareness must accompany it and the industry must respond to the demands of the workers for the sort of safety equipment they are prepared to use," Mr. Parker said.

Robin Panley

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Producer sales hit Cocoa prices

FURTHER PROGRESS of producer selling pushed cocoa prices still lower yesterday. As widespread selling, notably from Ghana, Nigeria and Brazil, was rumoured on the London futures market the May position slipped another £8.50 to £1,328.5 a tonne—the lowest closing level since last July. May cocoa had earlier fallen to £1,324 before steadying on late buying.

Traders sai dthere were firm signs that the producers were selling, although prices were well below the level at which they had agreed to withdraw from the market. The traders admitted that reports of Nigerian and Ghanaian sales were unconfirmed but were confident that Brazil had sold sizeable quantities, probably to Eastern Europe, at around the 124/125 cents a pound level. This compares with a claimed producer support price of 137 cents a pound.

Yesterday's price decline was thought to reflect hedge selling against these purchases though speculative selling and the stronger performance of sterling may also have influenced the market.

In Salvador meanwhile, coffee traders confirmed that Brazil had sold small quantities of cocoa beans to Poland in the last two days for June/July shipment at 124.5 cents a pound.

Peruvian anchovy fleet cut

PERU'S anchovy fishing fleet is to be cut by more than half in a move away from massive fishmeal production to increased fish canning and freezing.

Fishing boat owners who bought back the fleet from the state four years back estimate that about 200 boats of the 500-strong fleet will be converted to food fishing.

The conversion of anchovy boats to food fishing which is expected to cost about \$50m was authorised last week by the ministry of fisheries

Anchovy fishing by the Peruvian fleet has been restricted since January. The fleet has a quota of a million and a half metric tons of anchovy and pilchards for delivery to fishmeal plants this year compared with catches of up to ten million tons in the early seventies.

Peru's food fish industry meanwhile is booming. The number of fish canning and freezing plants have doubled to more than 80 over the past year.

Sharp downturn in London copper market

BY JOHN EDWARDS, COMMODITIES EDITOR

RECESSION fears brought a sharp downturn in the copper market on the London Metal Exchange yesterday. Copper cash wirebars closed £36.5 down at £929 a tonne, and moved lower in later kerb dealings.

The decline started in the New York overnight, where the market dropped suddenly following news that U.S. housing starts had fallen by 21.8 per cent in March. This triggered off a wave of stop-loss selling by commission houses and forecasts of a decline in demand for copper. Most leading U.S. producers have cut their domestic prices back by 3 cents to 94 cents a pound reflecting a general lack of buying interest.

Also encouraging the downturn was news that one U.S. copper producer, Cities Services, had agreed new three-year labour contracts with its workers. This followed the agreement reached with U.S. steel workers which it is thought might provide a settlement formula when the main copper workers' labour contracts expire in the summer. The threat of a U.S. copper strike is an important background influence in the market. London brokers, Rayner-Harwill, in their annual review out yesterday predicted there would not be a strike in the U.S. with copper companies enjoying record profits. They said world copper stocks were rising again and predicted a fall to £800 by the third quarter before rising again in the fourth quarter.

The decline in copper yesterday hit other base metals. Tin prices were lower in spite of a rise in the Penang market overnight. Lead lost ground too, although there were unconfirmed reports of new Russian buying interest. Nevertheless cash lead closed £13.5 down at £447.5 a tonne. Aluminium, nickel and zinc also declined, especially nickel futures where the cash price closed £130 down at £2,770 a tonne. Gold and silver more lower as well.

Tin plate controls attacked

BY BRIJ KHINDARIA IN GENEVA

IMPORTANT CHANGES in the International Tin Agreement were demanded here by the U.S. at the negotiating conference on a new pact to replace the present Agreement when it expires in June next year.

In a keynote statement, Mr. Michael Smith, the deputy U.S. special trade representative, claimed the present Tin Agreement does not "adquately safeguard consumer interests." His main demand was that any new agreement should do away with the present system of export controls that are used to supplement the efforts of the buffer stock to keep prices within an agreed range.

The U.S. wants a buffer stock system without export controls but including measures to encourage more tin production.

Mr. Smith said export controls result in "less stabilisation of price, consumption, production and consumer expenditures as well as producer revenues, than mechanisms relying solely on buffer stocks."

"Export controls stifle new investment, frustrate the development of more efficient production, ultimately inflate prices and place an enormous financial burden on producers."

The U.S. is now willing to agree to a producer demand that all buffer stocks should be financed by equal contributions from both consumers and producers. But the U.S. wants a total stock of at least 70,000 tonnes.

Mr. Smith charged producers with deliberately slowing down growth of tin supplies to command higher prices.

"Investment has languished and supplies have grown at a trend of less than 1.5 per cent a year for the past two decades."

Mr. Smith also said voting rights in the Tin Council which oversees the agreement should be "directly related to financial obligation." This would give the largest share of votes to the U.S.

The U.S. appears isolated so far in its demand fo ran end to export controls. The Common Market delegate did not directly attack the system in his statemen although he concurred with other points mad eby Mr. Smith. Other developed country delegates stressed that export controls should be used only in the last resort.

Warning of threat to U.S. farmers

BETWEEN 15 per cent and 20 per cent of American farmers will go bankrupt unless President Carter acts quickly to solve an economic crisis in agriculture, with a consequent rise in food prices, Illinois State Farm Bureau president Harold Steele said in Chicago yesterday.

He said farmers were faced with an estimated 25 per cent drop in income this year while production costs were soaring.

Many U.S. farmers were unable to get loans, even at high interest rates, to plant spring crops. Mr. Steele said President Carter had failed to keep his promise to offset the adverse effect of his embargo on grain sales to the Soviet Union because of Russian intervention in Afghanistan, and accused him of misplacing his priorities by devoting the last two weeks to Middle East problems while ignoring worsening domestic conditions.

Meanwhile, the U.S. Agriculture Department is looking at the possibility of using some of the maize it is purchasing from elevators and inland termials as feedstock for gasohol production, according to Agriculture Secretary Bob Bergland.

Recent legislation would allow the USDA to resell the maize at the release level of the grain reserve, or \$2.63 a bushel, provided it is used in gasohol production, he said.

Some of the maize which the department is buying to offset the grain embargoed from shipment to the USSR, could be used for emergency feeding programmes for livestock producers.

The maize not used for gasohol or emergency feeding programmes will be stored until prices get to the pre-embargo levels, he said. All of the 4.2m tonnes of wheat purchased by the USDA will be used for international relief, and an additional 200 to 300 bushels of maize was needed to be put in the reserve programme to tighten supplies and raise prices.

On the soyabean contracts covering shipments to the USSR, Mr. Bergland said the industry is divided on whether the Government should be buying an equivalent amount of the soyabeans.

However, he said the Administration was committed to buy the USSR interests which were embargoed from shipment and "we will buy and hold the soyabeans until prices go higher. We intend to make money on the deal," he said.

More maize planting forecast

CHICAGO—Board of Trade grain traders and analysts anticipate maize plantings will increase this year and soybean acreage fall from final 1979 figures, a Reuter survey shows.

Traders' estimates averaged 70.72m acres of soybeans, against 71.6m last year and 70.7m in January while maize estimates averaged 82.35m acres against 80m a year ago and 81.6m in January.

On soybeans, estimates ranged from 69.5m to 72.64m, with most at the low end, while maize estimates spanned 80.06m to 83.5m, with a relatively even distribution.

Traders opinions widely differed on maize planting intentions: some see increased acreage because maize prices compare more favourably with last year than do soybean prices. However, others think the current profit squeeze will result in reduced maize sowings.

In Arlington, Virginia, Raymond Daniel, director of Chase Econometrics Food and Agricultural Services said the 1980s would see slower growth in the soybean industry and continued growth and demand for wheat and feedgrains.

Demand for wheat would continue to rise for exports and maize would increase in domestic use, he said.

Mr. Daniel forecast U.S. wheat exports this year at 1.4bn bushels, including about 1.1m to the USSR, in 1985 at 1.675bn, including 1.7m to the USSR, and in 1990 to 2.025bn, with 2.25m to the USSR.

Mr. Daniel said 1980 wheat acreage is forecast at 76.9m acres, rising to 8.08m in 1985 and 84.1m by 1990. Wheat prices, he forecast, by 1985 would be \$4.80-5.00 per bushel

UK GRAIN MARKET

Deep in the doldrums

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE MARKET for home grown grains, except for high protein wheat and oats is deep in the doldrums. The average UK spot price for feeding wheat for the week ending April 12 was £94.40 per tonne, £5 less than it was at the same time last year; feed barley at £93.70 is about 70p per tonne less. The spot prices in early December, 1979 were £95.30 for feed wheat and £92 for feed barley. These are UK averages, including Northern Ireland and prices in the main grain growing areas are considerably weaker.

There are as many explanations for the decline as there are traders in the markets. They are mainly based on the belief that the market for compound feeding stuffs has been reduced by the mild winter. There is some evidence for this, but it has not made a significant impact on the statistics that I have seen so far. Most compounders, I believe, covered themselves quite early in the season and at rather higher prices than are current. They are keeping well out of the market in view of the possibility that grass will be growing quite well very shortly and that farmers will save on the cake bill.

There are doubts about the accuracy of the Ministry's 1979 crop forecast of a record 17.3m tonnes, as there must be about any forecast which can never be checked in the end. However, there is no doubt that some areas had a very good harvest indeed.

The point about the impossibility of verifying the forecast figures is worth underlining. It stems from the fact that a great number of the sales of farms are not recorded anywhere. Nor for that matter is there an accurate record of on farm use.

Although the harvest had been good, it is probable that sales of farms ave also been heavy. Farmers are as aware of interest rates as anyone these days, and it is probable that much more had been sold or committed by January 1 than the trade had been aware of.

Many farmers were caught by a fall in prices last June when grain they had been holding for a rise saw a price collapse, and they didn't want to be caught again,

My belief that little is left unsold on farms is based on personal enquiry, and the fact that at present interest rates it costs something like £2 per tonne a month to store grain. There has as yet been very little export demand for barley. This is probably a reflection of the good EEC and world harvest generally and the fact that the export market, even supported by EEC restitutions, is unattractive at the present time.

So far there have been no offers to intervention berause the present prise of £96.09 per tonne for both feed wheat and barley does not leave enough margin after expenses of about £4 a tonne for delivery to the stores. The intervention price rises to £97.15 in May and then drops to £87.67 for June and July. So if there are substantial stocks, the May intervention price should ferret them out.

The imediate outlook then is for a fairly bearish trade as long as you accept the *hypothesis* that the main users are well covered.

Compound demand will be muted because of an earlier spring than last year, and that the prices of cereal replacers and vegetable proteins are well down. And, of course, the pig population is also falling slightly.

A certain amount of forward trading for barley and feed wheat for September is now emerging at approximately £90 to £91. A tonne ex farm. This is a fairly safe bet for the buyer as long as the grain is of intervention standard. The present intervention price for September is expected to be around £93.39, plus £1.10 per month per tonne because of the final devaluation of the Green Pound which comes into effect in August.

But this leaves out of account any rise in instiutional prices awarded by the Community Price Review which would apply to this year's harvest. It could amount to about 5 per cent which would raise the September intervention price to £98.06. STo any buyer of harvest barley or feed wheat should be on to a good thing, as long as he insists on intervention quality standards in his contract.

These quality standards are high in consequence a sort of secondary market is springing up for grain of beloy intervention quality which is sold at a discount.

Of course the whole exercise is dependent on a harvest outturn, which at this moment is a matter of complete guesswork. The fact that a record acreage of wheat and barley went down in the autumn is one indication. Until the end of February it never looked better, but since then the growing crops are showing certain blemishes.

On heavy land there has been a good deal of plant loss from waterlogging and the cold winds of the last six weeks have certainly checked the previously forward growth. Most of the wheat I have seen has grown unright too soon, and does not seem to have tillered the usual quantity of heads.

On all but the lightest land, spring sowing only really got underway at Easter, a good month later than the optimum, and these crops will need a very favourable growing season to overcome the late sowing.

The month of May will be crucial. If it is warm and wet crops should do well, but if it is dry and cold things could be disappointing.

Record wheat exports

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA EXPECTS to export a record 15.5m tonnes of wheat, worth more than A\$20bn (£10bn) during the Australian financial year which ends on June 30.

This will make wheat Australia's single biggest export earner for the financial year.

For the first nine months to March 30 the Australian Wheat Board had shipped 11.6m tonnes compared with 4.6m tonnes for the same period last year.

The Wheat Board chairman, Sir Leslie Price, said in Canberra yesterday that the board had received 15.3m tonnes of wheat since the start of the crop on December 1. This figure could rise if good rains fell soon to alleviate the drought in eastern Australia, allowing wheat being held on farms as drought feed to be delivered to the board.

Sir Leslie said growers could expect a price of about A\$120 (£60) a tonne.

China is expected to remain the biggest buyer followed by the Soviet Union and Egypt.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange, reflecting fears of recession prompted by the sharp drop in U.S. housing starts during March. Forward metal opened lower at £962 and fell further to £947 on general liquidation and stop-loss selling. A modest rally developed in the Rings with three months trading up to the mid-£950s but the market fell afresh in the afternoon to close at £950 as Comex lost further ground. Turnover: 30,850 tonnes.

BASE METALS

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	928-9	—20.5	928-30	—36.5
3 months	955-6	—16	954.5-5	—31½
Settlem't	929	—21	—	......
Cathodes				
Cash	898-903	—22.5	896-9	—36
3 months	930-3	—21	929-31	—32.5
Settlem't	903	—21	—	......
U.S. Prod	—	......	*91.8	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £957, 58, 55, 54, 53, 52, 53, 57, 56. Kerb: Wirebars, three months £956, 55, 56, 57, 58. Cathodes, three months £932. Afternoon: Wirebars, three months £958, 57, 55, 54, 53, 54, 54.5. Kerb: Wirebars, three months £956, 53, 52, 51, 50, 51, 50, 48, 47, 48, 50.

TIN—Easier owing to the weakness of other metals, the initial rise in sterling and the absence of the recent hedge buying ag ainst physical sales to the U.S.S.R. Forward metal opened at £7,770 and fell to £7,700 before recovering to close the late Kerb at £7,730. Turnover: 655 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7720-40	—77.5	7700-20	—120
3 months	7735-50	—47.5	7730-40	—82.5
Settlem't	7740	—70	—	......
Standard				
Cash	7720-30	—72.5	7700-20	—105
3 months	7725-30	—62.5	7725-35	—82.5
Settlem t.	7730	—70	—	......
Straits E.	‡\$2546	+25		......
NewYork	—	......		......

Morning: Standard, cash £7,720, three months £7,750, 40, 30, 20, 7,700, 15, 20, 30. Kerb: Standard, three months £7,740, 35. Afternoon: Standard, three months £7,730, 25, 20, 10, 30.

LEAD—Down, in line with copper, although the market was sustained by rumours of Soviet buying. Forward metal opened at £435.5 and fell to £432 before recovering to close the late Kerb at £436. Turnover: 7,800 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	450-2	—3.5	446-9	—15.5
3 months	436-7	—3	436-7	—7.75
S'ment	452	—3	—	......
U.S. Spot.	—	......	*48	......

Morning: Cash £450, 51, three months £433, 34, 37, 36. Kerb: Three months £437, 36. Kerb: Three months £436, 35, 34.

ZINC—Moved narrowly with further offerings of cash material widening the contango to around £7. Three months was finally quoted at £331.5 on the late Kerb. Turnover: 7,475 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	326-7	—2.5	324-5	—5.5
3 months	332-3	......	332-.5	—1.25
S'ment	3 27	—3	—	......
Primw'ts	—	......	*37.5	—9.5

Morning: Cash £329, 27, three months £333, 32, 33, 34, 35, 33. Kerb: Three months £332. Afternoon: Three months £333, 32.

ALUMINIUM—Lost ground as general selling prompted by the weakness of copper triggered persistent stop-loss selling, which depressed forward metal to the day's low of £826 prior to a close of £828. Turnover: 9,775 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	899-92	—17.5	870-5	—22.5
3 months	844-5 -5	—16.7	855-6	—25

Morning: Cash £876, three months £843, 44, 43, 42, 44, 46, 45. Kerb: Three months £845. Afternoon: Three months £842, 41, 40, 39, 37, 38, 35, 36, 37, 38, 37, 36. Kerb: Three months £837, 36, 35, 33, 32, 31, 30, 23, 24, 26, 27.

NICKEL—Under pressure as the general downturn in metal prices caused further liquidation of nickel. [illegible]

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2740-50	[illegible]	2690-710	[illegible]
3 months	2855-60	[illegible]	[illegible]	[illegible]

[illegible]

SILVER

[illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	662.90p	[illegible]	640.5p	[illegible]
3 months	692.60p	[illegible]	668.0p	[illegible]
6 months	716.20p	[illegible]	—	
12months	761.20p	[illegible]	—	

[illegible]

COCOA

[illegible]

COCOA	Yest'rdays Close	+ or —	Business Done
May	1306-07	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]

Sales: 2,071 (2,403) lots of 10 tonnes.

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS [illegible]

COFFEE

Robustas opened marginally lower to reflect currency considerations. A disappointing New York performance offered little inspiration to an already quiet market and with no fresh news prices remained fixed in a tight trading range throughout, reports Drexel Burnham Lambert.

COFFEE	Yesterd'ys Close	+ or —	Business Done
	£ per tonne		
May	1640-41	—18.5	1649-40
July	1681-82	—10.0	1688-80
Sept	1716-17	—16.0	1722-14
Nov	1724-25	—12.0	1735-25
January	1705-15	—17.5	1728-05
March	1654-74	—36.0	1695-80
May	1659-79	—21.0	—

Sales: 2,651 (4,906) lots of 5 tonnes.

ICS indicator prices for April 16 (U.S. cents per pound): Other Mild Arabicas 183.00 (same). Robustas ICA 1976 183.00 (185.50); ICA 1968 (163.25 (163.75). Unwashed Arabicas 211.00 (same). Comp. daily ICA 1968 187.67 (187.83).

GRAINS

LONDON GREAIN FUTURES—May wheat opened 25p higher but values fell back to around unchanged to 40p higher, where a good two-way trade was seen. Barley also opened higher but buying interest steadied values to close 10p up on both. New crops saw some selling pressure again today and registered losses of 15p-25p on wheat and 10p-15p on barley.

WHEAT Mnth	Yesterday close	+ or —	BARLEY Yesterday close	+ or —
May	94.85	+0.18	92.40	+0.10
Sept	92.85	—0.15	90.50	—0.18
Nov	96.60	—0.20	94.55	—0.15
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

RUBBER

[illegible]

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

WOOL FUTURES

[illegible]

business; sales). New Zealand cents per kilo. May 355, 366, nil, nil: Aug. 375, 379, nil, nil: Oct. 375, 380, nil, nil: Dec. 375, 382, nil, nil: Jan. 376, 385, nil, nil: March 385, 390, 390-389, 2: May 385, 391, 390, 1: Aug. 390, 405, nil, nil: Oct. 390, 405, nil, nil. Sales 3.

SOYABEAN MEAL

The London market opened steady on trade buying, reports T. G. Roddick. Prices held steady until late in session: commission house selling pressured the market and prices closed slightly easier on the day.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
April	110.50-11.5	+0.25	—
June	108.60-08.8	—0.45	109.50-108.60
August	108.60-09.8	—0.40	109.40-108.90
October	106.00-06.5	—0.05	106.40-106.10
December	109.20-09.5	—0.10	109.80-109.50
February	111.50-12.5	+0.05	—
April	115.60-15.0	—0.15	—

Sales: 73 (111) lots of 100 tonnes.

SUGAR

No. 4 CONTRACT—Close (in order buyer, seller only): May 255.00, 256.00; Aug. 269.00, 271.00; Oct. 274.00, 277.00; Jan. 278.00, 280.00; March 288.25, 292.00; May 288.50, 292.00; Aug. 288.50, 289.50. Sales 162 (418).

LONDON DAILY PRICE (raw sugar): £238.00 (£240.00) a tonne cif for April-May-June shipment. White sugar daily price was £245.00 (£251.00).

The market first traded slightly below kerb levels but prices quickly began to move ahead following rumours that Brazil was over-extended against nearby sales. Final quotations were around the high points some £8 above the lows, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

Sales: 7,425 lots of 50 tonnes.

[illegible]

COTTON

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	April 17 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	\$1850/1900	0—4	\$1950/50
Copper			
Cash w'bar	£929	—36.5	£1,035
3 mths	£954.75	—31.75	£1,045.5
Cash Cathode	£897.5	—36	£988.5
3 mths	£930	—32.5	£1,019
Gold troy oz	\$511.5	—18	\$553
Lead cash	£447.5	—13.5	£517.5
3 mths	£436.5	—7.75	£468.875
Nickel	£3,477	....	£3,335
Freemkt(cif (lb	285/310c	....	295/310c
Platin'mtr'y oz	£189-193	....	£189
Free mkt	£264.70	—17.25	£309.45
Quicksil'vert	\$402/412	....	\$395/405
Silver troy oz	662.9p	—7.55	1026.5p
3 months	592.60p	—0.25	1058.6p
Tin Cash	£7,710	—105	£7,882.5
3 mths	£7,730	—82.5	£7,887.5
Tungsten22.04lb	\$141.56	....	\$141.14
Wolfrm 22.04 lbs	\$142/146	—2	\$147/151
Zinc cash	£325	—5.5	£328
3 months	£332.25	—1.25	£333.5
Producers	\$825	....	\$885
Oils			
Coconut (Phil)	\$695z	—5	\$750
Groundnut	‡		‡
Linseed Crude	£438	....	£456
Palm Malayan	\$615z	....	\$640
Seeds			
Copra Philip	\$440	—5	\$510
Soyabean(U.S.)	\$266z	+2	\$279.85
Grains			
Barley Futures	£90.50	—0.10	£94.15
Maize			
French No3AM	‡	....	£116
Wheat			
No.1 Red Spg.	‡	....	‡
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

AMERICAN MARKETS

NEW YORK, April 16.

RECESSIONARY fears based on the sharp decline in U.S. housing starts during March pressured gold, silver and copper prices as commission house liquidation developed. Sugar was lower on a higher-than-expected EEC selling tender. Coffee prices declined on a general lack of buying interest, while cocoa was higher, encouraged by the lack of reaction to the decline in U.S. grindings. The livestock complex closed higher on short covering encouraged by prospects of tightness in nearby supplies. The grains and soyabean complex were higher on short covering, reported Heinold.

Cocoa—May 127.70 (126.75), July 126.70 (125.55), Sept. 129.20, Dec. 2909, March 2949, May —, July —, Sept. —. Sales: 976.

Coffee—"C" Contract: May 184.50-(185.43), July 192.51-192.75 (192.96), Sept. 199.00-199.25, Dec. 191.60-191.75, March 183.00-183.50, May 185.90-186.50, July 187.00-187.95, Sept. 190.00. Sales: 4,065.

Closing prices were not available for this edition

Copper—April 88.30 (91.60), May 89.00-89.30 (92.50), June 90.70, July 92.00-92.40, Sept. 94.30-94.80, Dec. 97.00, Jan. 97.70, March 99.00, May 100.30, July 101.60, Sept. 102.90, Dec. 104.00, Jan. 105.50. Sales: 7,500.

Cotton—May 86.20-86.23 (84.23), July 83.35-83.60 (82.17), Oct. 78.76-78.80, Dec. 74.25-74.30, March 74.95-75.00, May 75.50-76.00, July 76.25-77.25, Oct. 79.00. Sales: 10,050.

*Gold—April 505.0-507.0 (519.2), May 508.5 (523.2), June —, Aug. 530.0-531.0, Oct. —, Dec. 558.5-562.0, Feb. 574.1, April 588.2, June 597.0, Aug. 616.1, Oct. 630.0, Dec. 643.9, Feb. 657.8. Sales: 22,000.

Orange Juice—May 90.85-91.00 (90.85), July 91.70-91.75 (91.10), Sept. 92.85-92.90, May 93.25-93.40, Jan. 93.00-93.05, March 93.75, May 94.70-94.75, July 95.60-96.00, Sept. 96.10-96.50. Sales: 650.

Potatoes (round whites)—May 47.8 (48.0), Nov. 73.8 (74.5). Sales: 433.

¶Platinum—April 574.0-581.0 (601.0), May unquoted (same), June unquoted, July 611.4, Oct. 638.4, Jan. 665.4, April 692.9, May unquoted. Sales: 1,656.

¶Silver—April 1420.0-1425.0 (1438.0), May 1426.0-1435.0 (1445.0), June 1446.5, July 1465.0-1470.0, Sept. 1515.0, Dec. 1572.0, Jan. 1592.0, March 1633.0, May 1674.0, July 1715.0, Sept. 1756.0, Dec. 1818.0, Jan. 1838.0. Sales: 1,800. Handy and Harban bulion spot 1479.0 (1430.0).

Sugar—No. 11: May 22.75-22.95 (23.27), July 23.65-23.75 (23.98), Sept. 24.10-24.15, Oct. 24.45-24.60, Jan. 25.00-25.45, March 25.90-26.00, May 25.91, July 26.10-26.30, Sept. 26.10-26.50. Sales: 13,011.

Tin—805.00-815.00 asked (794.00-800.00).

CHICAGO, April 16.

Lard—Chicago loose 18.75 (19.00). New York prime steam 20.50 (same).

Live Cattle—April 66.30-66.00 (65.15), June 65.50-65.60 (64.87), Aug. 65.55-65.40, Oct. 64.05-64.10, Dec. 64.95-64.75, Jan. 64.80, Feb. 65.70.

Live Hogs—April 29.00-29.90 (29.42), June 35.10 (34.30), July 36.10-36.15, Aug. 35.20-25.10, Oct. 36.00-36.10, Dec. 39.40-39.45, Feb. 42.45, April 41.15, June 44.00.

‡‡Maize—May 269¾-269 (268), July 282-282 (281), Sept. 291¼-292, Dec.

Pork Bellies—May 33.80-33.30 (33.42), July 34.80-35.00 (34.65), Aug. 34.25-34.00, Feb. 48.25-48.10, March 48.30, May 48.30, July —, Aug. —.

Silver—April 1430.0 (1453.0), May — (unquoted), June 1460.0, Aug. 1500.0, Oct. 1540.0, Dec. 1580.0, Feb. 1620.0, April —, June —, Aug. —, Oct. —, Dec. —, Feb. —, April 1916.0, June 1962.0, Aug. 2008.0, Oct. 2054.0.

†Soyabeans—May 603-602½ (595½), July 628-629 (621), Aug. 639½, Sept. 645½, Nov. 660-661, Jan. 677-677½, March 695, May 708½.

‖Soyabean Meal—May 165.8-166.0 (163.8), July 174.1-174.0 (171.8), Aug. 177.5, Sept. 179.7-180.0, Oct. 182.0-181.8, Dec. 186.3, Jan. 188.5, March 193.2, May 196.0-196.5, July 198.0-198.5.

Soyabean Oil—May 21.07-21.10 (20.81), July 21.76-21.78 (21.48), Aug. 22.05-22.10, Sept. 22.30-22.35, Oct. 22.55-22.60, Dec. 23.05-23.00, Jan. 23.15, March 23.50, May 23.85, July 24.20-24.25, March —.

†Wheat—May 396½-395½ (390¼), July 405-407 (399½), Sept. 419-419½, Dec. 438, March 451, May 458.

WINNIPEG, April 16. §Barley—May 112.50 (same), July 114.50 (same), Oct. 110.60, Dec. 110.40, March 110.80.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 210.23 (207.48).

All cents per pound ex-warehouse unless otherwise stated. * \$ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ \$ per short ton (2,000 lbs). § \$Can. per metric ton. §§ \$ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, April 17.

Wheat—U.S. No. 2 Red Winter June \$177, July \$176, Aug. \$181. U.S. No. 2 Northern Spring, 14 per cent, April-May \$185, May \$185, June \$186.50, July \$188, Aug. \$192.50. Rest unquoted.

[illegible]

Dec. \$278, Jan. \$282.30, Feb. \$288.85, March \$291 sellers.

Soyameal—44 per cent protein U.S. afloat \$226, April \$224, May \$222, June-July \$223, Nov.-March \$242. Brazil Pellets afloat \$236, April \$230, May-June \$230, Aug.-Sept. \$236, Nov.-March \$251.

PARIS, April 17.

[illegible]

INDICES

FINANCIAL TIMES

Apr. 16	Apr. 15	M'nth ago	Year ago
288.43	285.02	296.72	273.23

(Base: July 1, 1952=100)

MOODY'S

Apr. 16	Apr. 15	M'nth ago	Year ago
1140.5	1134.6	1207.2	1053.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Apr. 16	Apr. 15	Month ago	Year ago
Spot	421.25	419.07	422.11	383.93
F'tur's	430.18	429.92	435.71	384.26

(Average 1924-25-26=100)

REUTERS

Apr. 17	Apr. 16	M'nth ago	Year ago
1718.2	1724.8	1748.4	1645.3

(Base: September 18, 1931=100)

Gilts quietly firm awaiting new stock oversubscription details—Equities unaffected by economic pointers

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 24	Apr. 10	Apr. 11	Apr. 21
Apr. 14	Apr. 24	Apr. 25	May 6
Apr. 28	May 8	May 9	May 19

* "New time" dealings may take place from 9 am two business days earlier.

Most sectors of stock markets traded quietly yesterday, apparently unaffected by the announcement of several important financial and economic pointers. Confirmation that the new long Government stock had been over-subscribed yesterday tended to suppress interest in Gilt-edged securities pending details of the allotment and tender price, due to be released later in the evening. A continuation of the upward trend in average earnings and last month's money stock figures were disregarded as trading influences, while the March deficit in the UK balance of payments came within the range of market estimates and made no impression on market sentiment.

British Funds opened at the enhanced 5.30 pm levels of the previous evening, but fairly quickly encountered general selling and drifted back awaiting this morning's debut of the new long stock, Treasury 13¼ per cent 2004-08 in £20-paid form. Although closing quotations were generally ⅜ below yesterday's opening levels, they retained gains of around ½ to ¾ on Wednesday's 3.30 pm official closing levels.

Equities were sustained by the underlying firmness of Gilts, although the lack of any further institutional inquiry was disappointing. Leading shares moved narrowly throughout the day. Properties failed to attract fresh speculative enthusiasm, but consolidated Wednesday's gains, and Oil features were unusually few with the notable exception of Ultramar. Movements in the FT 30-share index were confined to less than a point in either direction; the final index being 0.5 easier at 442.6.

Contracts arranged in Traded options amounted to 597, well below the previous day's 1,392. Land Securities continued to attract business on hopes of lower interest rates and recorded 132 trades.

Discounts firm

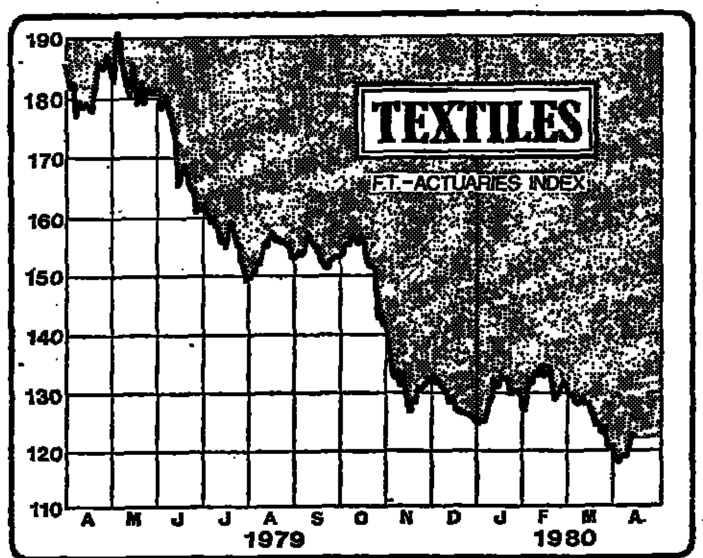
Continuing to mirror the firm performance of gilt-edged, Discount houses moved higher and closed with improvements ranging to 6. Gerrard and National, 218p, and Jessel Toynbee, 64p, both finished that much better, while Alexanders put on 5 to 218p as did Cater Ryder, at 273p. Clive picked up 3 to 48p and Gillett Bros. hardened 2 to 160p. Despite the bank messengers' strike, NatWest held firm at 330p. Among the other irregular clearing banks, Lloyds gave up 4 to 300p and Midland hardened 2 to 340p. In merchant banks, Hambros continued firmly at 368p, up 3.

Brentnall Beard sprang to life among Lloyds brokers, rising 3 to 10p, after 11p, following speculative buying. Currently in receipt of an agreed bid worth around 175p per share from Marsh and McLennan, Bowring also rose 3, to 156p. Life issues came in for some good support with Equity and Law prominent at 222p, up 10. Provident gained 6 to 164p on further consideration of the results, while similar improvements were seen in Hambro Life, 179p, and Pearl, 324p. Commercial Union added 5 to 134p and GRE put on 6 to 246p in Composites.

Interest in Buildings was focussed mainly on selected Timber issues. Business in Mallinson-Denny was evenly balanced until a late speculative surge lifted the price 4 to 73½p. International also added 4, to 111p, but Montague L. Meyer relinquished a couple of pence to 108p. Elsewhere, buying in restricted markets was responsible for gains of around 5 in William Whittingham, 111p, Marchwiel, 89p, and Tilbury Contracting, 180p, while Barratt Developments improved 2 afresh to 115p. In sharp contrast, Higgs and Hill shed 5 to a 1980 low of 48p on the pre-tax loss. Benford Concrete Machinery added a couple of pence to 37p despite the lower annual profits.

Turnover in ICI was again at a low ebb, but the price edged 2 higher to 374p. Among other Chemicals, Rentokil put on 7 to 129p in a thin market following publication of the annual report, but Leigh Interests, a good market of late on country buying, eased 2 to 134p on profit-taking.

Company announcements provided some interest in an otherwise subdued Store sector. Greenfields Leisure rose 4 to 51½p following the annual meeting, while Executex Clothes, preliminary results next Monday, added 3 to 34p. W. H. Smith, 136p, recovered 4 of the previous day's fall of 14 which stemmed from disappointing results, but Beutalls gave up 3 to 30p after announcing lower full-year profits. S. Casket fell a similar amount to 24p following the sharp reduction in interim profits, but further consideration of the results lifted Owen Owen 3 to 111p. Support was also evident for Currys, 5 up at 165p, Status Discount, 3 better at 70p, and Lee Cooper, 8 to the good at 270p, the latter in a thin market. The leaders finished a shade easier on balance with falls of 2 common to GUS "A," 368p, and British Home, 282p. In Shoes, Stylo reached 185p on increased bid hopes before settling for a net gain of 5 at 175p.



Brocks dip and rally

Nervously sold down to 38p ahead of the preliminary results, Brocks Group rallied smartly to close a couple of pence better on balance at 45p despite the final dividend omission and sharp contraction in annual earnings. Elsewhere in Electricals, Lec Refrigeration rose 3 to 55p in response to increased profits, while renewed speculative support prompted improvements of 8 and 13 respectively in Farnell Electronic, 304p, and Unitech, 303p. Wholesale Fittings put on 10 to 615p and Kode International improved 6 to 215p but Cray Electronics were friendless at 32p, down 2. The leaders drifted lower as buying interest waned. GEC at 379p, lost 5 of the previous day's rise of 7 while Thorn EMI softened 2 to 304p and Plessey lost the turn to 143p.

Some scattered firm features appeared in the engineering sector. Buying ahead of next Wednesday's preliminary figures prompted a rise of 4 to 55p in James Neill, while Richardsons Westgarth improved a penny for a two-day rise of 6 to 40p on the strong second-half recovery. Ransomes Sims and Jefferies found support at 162p, up 6, while British Aluminium, 222p, and Rotork, 60p, gained 5 and 4 respectively. The near-41 per cent contraction in annual earnings reported by Northern Engineering had already been well discounted and the shares edged forward a fraction to 42½p, while Midland Industries gained a couple of pence to 104p after trading news. Among the leaders, Hawker Siddeley hardened a penny to 185p on further consideration of the results. GKN put on 4 to 271p.

Leading Foods encountered a moderate two-way business and, with the exception of Tate and Lyle, which cheapened 4 to 132p, closed with little alteration. Elsewhere, William Low eased 2 to 118p following half-yearly profits which failed to match estimates.

Hotels and Caterers had De Vere 4 cheaper at 218p following the lower annual profits.

Astbury and Madeley up

Miscellaneous industrial leaders plotted an irregular course in a thin trade. Sentiment in Glaxo remained depressed by the poor first-half profits announced on Monday and the shares declined 4, making a fall so far on the week of 26 to 214p. Unilever, however, picked up 8 further to 414p. Secondary issues were featured by a rise of 14 to 126p in Astbury and Madeley in response to the better-than-expected preliminary profits and Portals rose 8 afresh to 270p following comment on the record profits. J. Bibby were supported up to 158p, for a rise of 8 on the day, while revived North Sea oil enthusiasm lifted National Carbonising 4 to 122p. Fitzwilton rose 4 to 51p, Powell Duffryn 5 to 168p and Sothebys 7 to 432p. Kalamazoo, on the other hand, dipped 3 to 69p following the interim statement.

Ladbroke eased 2 to 144p on reports that the Gaming Board intends to oppose the renewal of all of the company's provincial casino licences. Coral Leisure's annual results were in line with expectations and the shares hardened a fraction to 68½p. Horizon Travel firmed 10 to 242p in a restricted market on the chairman's optimistic annual statement, but Capari met scattered selling and shed 5 to a 1980 low of 50p.

In Motors, Rolls-Royce shed 2½ to 53½p following the chairman's bearish remarks on current U.S. trading.

A particularly firm sector of late on cheaper money hopes, Properties were again wanted on a selective basis which had Stock Conversion 6 higher at 390p and Great Portland Estates 3 up at 245p. Imry responded to increased interest in a thin market with a further gain of 20 at a 1980 peak of 660p, while Allnatt (London) put on 6 to 188p and Warnford Investments 10 to 390p. Gains of around 5 were marked against Avenue Close, 115p, London and Provincial Shop, 337p, and Rush and Tompkins, 150p.

Ultramar feature

Secondary Oils enjoyed another reasonably active trade. Ultramar claimed most of the limelight, rising 12 to 578p, after 584p, on the chairman's statement. Tricentrol continued firmly, rising 6 to 308p, after 312p, but recent speculative favourite Lasmo shed 7 to 503p on profit-taking, while Burmah eased 8 to 214p on second thoughts about the annual results. Elsewhere, fresh speculative interest lifted Aran Energy and Caledonian Offshore 20 apiece to 320p and 225p respectively, while Hunting Petroleum Services responded to increased annual profits with a gain of 6 to 144p, after 148p. I.C. Gas rose 10 afresh to 750p, while favourable Press comment stimulated further demand for Woodside which put on 6 for a two-day gain of 15 to 112p, after 115p. In the leaders, Shell touched 352p before settling a net 2 higher at 346p, while BP finished a couple of pence cheaper on balance at 334p, after 338p.

P & O Deferred became active following reports that BP is to purchase its bulk carrier fleet and touched 123½p, before a denial from the former left the close unchanged at 119p. Other Shippings trended firm. Hunting Gibson rose 12 to 87p in a narrow market, while gains of 3 and 5 respectively were seen in Ocean Transport, 108p, and Common Bros. 290p.

Among Textiles, the reduced annual profits and cautious outlook clipped 6 from Albert Martin, 60p. Cawdaw, however, attracted speculative support and closed a couple of pence better at 30p. News of a factory closure and 240 more redundancies had little apparent effect on Tootal, a fraction cheaper at 26p.

Shareholders' approval of the takeover of City and International Trust prompted late weakness in Guthrie which finished 63 lower at 762p; City and International advanced 15 to 137p, a shade above Guthrie's cash offer.

Golds easier

Mining markets generally gave ground reflecting a fall of $18 to $511¼ per ounce in the bullion price coupled with lack of interest.

South African Golds opened lower, owing to heavy selling in overnight transatlantic markets, and drifted lower for most of the day before recovering modestly in the after-hours' dealings ahead of the Anglo American Corporation group's Orange Free State dividend announcements.

losses of almost a point were

Among the heavyweights, common to Randfontein, £29¼, and West Driefontein, £28¾, while Hartebeest fell ½ to £24¼.

Western Holdings dipped ¼ to £28; the interim dividend announced after the close of business was much higher than market forecasts. Good dividends were also announced by President Steyn, unchanged at £14¾, and Welkom, 7 up at 611p.

Financials were mixed. In South Africans, Amgold and GFSA were both around ½ cheaper at £33 and £30¼ respectively, but "Johnnies" rallied ¾ to £25. De Beers gave up 6 to 382p.

London Financials were again featured by Rio Tinto-Zinc, which topped our list of active stocks; the shares gave up 10 of the previous day's rise of 17 following persistent profit-taking. Selection Trust added 8 to 620p and Gold Fields rallied late to close unchanged at 470p, after 466p.

Australians generally closed a shade better after a good two-way business. Among the leaders, Pancontinental rallied strongly after the recent sell-off and closed 10 higher at 275p, while Peko-Wallsend put on 5 to 350p. Western Mining 4 to 197p and Pacific Copper a like amount to 184p. Bougainville ended 3 easier at 107p ex the two-for-one scrip issue.

Elsewhere, Hemerdon Mining added 10 more to 180p following further light London buying, flecting the 21.7 per cent holding in Aran Energy.

FINANCIAL TIMES STOCK INDICES

	Apr. 17	Apr. 16	Apr. 15	Apr. 14	Apr. 11	Apr. 10	A year ago
Government Secs.	66.74	66.62	66.51	66.96	66.18	65.89	74.54
Fixed Interest	67.02	66.75	66.84	66.76	66.39	66.10	76.72
Industrial	442.6	443.1	437.8	438.3	435.6	431.8	530.2
Gold Mines	289.2	295.6	290.7	306.5	307.7	311.1	140.9
Ord. Div. Yield	7.96	7.93	8.03	8.01	8.03	8.07	5.45
Earnings, Yld. % (full)	19.50	19.48	19.69	19.70	19.75	19.80	14.60
P/E Ratio (net) (*)	6.23	6.28	6.22	6.21	6.20	6.20	8.81
Total bargains	16,950	16,643	18,172	19,575	18,076	17,843	—
Equity turnover £m	—	81.36	84.19	83.86	92.88	109.05	103.24
Equity bargains total	—	11,229	10,879	11,398	13,078	12,691	15,282

10 am 443.6. 11 am 443.9. Noon 443.9. 1 pm 443.6.
2 pm 443.6. 3 pm 443.4.
Latest Index 01-246 8026.
*Nil=5.93.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	63.95 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (13/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (28/2)	265.5 (18/3)	442.3 (22/6/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 17	Apr. 16
Daily		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Avr'ge		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	69	4	15
Corpns. Dom. and Foreign Bonds	20	2	44
Industrials	294	125	976
Financial and Prop.	186	66	248
Oils	27	10	11
Plantations	2	4	21
Mines	28	61	65
Others	20	78	33
Totals	646	350	1,413

NEW HIGHS AND LOWS FOR 1980

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS

[illegible]

NEW LOWS

[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	325	14	5	—	[illegible]	[illegible]	[illegible]	[illegible]
BP	330	—	—	37	1	48	—	
BP	350	5	1	—	[illegible]	[illegible]	[illegible]	
BP	360	—	—	22	[illegible]	[illegible]	[illegible]	
BP	390	—	—	12	[illegible]	[illegible]	[illegible]	
Com. Union	120	15	5	21	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	140	1	—	7	[illegible]	[illegible]	[illegible]	
Cons. Gold	420	56	10	78	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	500	½	5	28	[illegible]	[illegible]	[illegible]	
Courtaulds	60	7½	—	11½	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	80	½	—	5	[illegible]	[illegible]	[illegible]	
GEC	360	20	30	45	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	140	¼	—	5	[illegible]	[illegible]	[illegible]	[illegible]
ICI	360	12	29	36	[illegible]	[illegible]	[illegible]	[illegible]
ICI	390	¼	3	17	[illegible]	[illegible]	[illegible]	
ICI	420	¼	—	6½	[illegible]	[illegible]	[illegible]	
Land Secs.	280	36	2	45	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	300	16	41	31	[illegible]	[illegible]	[illegible]	
Land Secs.	330	1¼	19	14	[illegible]	[illegible]	[illegible]	

[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., April 17, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., April 16 Index No.	Tues., April 15 Index No.	Mon., April 14 Index No.	Fri., April 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (173)	239.72	+0.2	18.57	6.67	6.72	239.35	236.35	235.94	234.22	270.34
2	Building Materials (28)	235.53	+0.7	17.47	6.77	7.20	233.81	231.25	231.04	228.08	254.21
3	Contracting, Construction (28)	355.83	+0.6	27.03	6.92	4.49	353.67	349.19	349.30	346.10	417.23
4	Electricals (16)	631.02	−0.7	13.18	4.00	9.89	635.48	623.36	623.24	613.75	652.97
5	Engineering Contractors (11)	283.47	+0.2	26.67	9.11	4.79	283.01	281.66	277.24	272.35	394.72
6	Mechanical Engineering (74)	160.32	+0.4	21.46	8.24	5.73	159.64	158.52	158.17	157.98	201.08
8	Metals and Metal Forming (16)	163.47	+0.7	21.24	9.95	5.66	162.39	160.71	160.05	162.73	179.36
	CONSUMER GOODS										
11	(DURABLE) (49)	219.13	+0.4	15.40	5.82	8.01	218.33	215.44	214.49	210.10	246.75
12	Lt. Electronics, Radio, TV (14)	317.86	+0.5	11.50	4.17	11.11	316.30	310.31	308.01	298.99	334.47
13	Household Goods (14)	106.67	+0.4	27.71	10.33	4.26	106.28	107.46	107.88	107.90	175.81
14	Motors and Distributors (21)	103.10	—	24.09	9.66	4.93	103.10	102.89	103.13	103.14	127.47
	CONSUMER GOODS										
21	(NON-DURABLE) (173)	217.50	+0.2	18.71	7.13	6.56	217.08	215.06	214.49	211.61	253.27
22	Breweries (14)	271.26	+1.1	16.30	6.48	7.20	268.19	266.37	264.01	258.19	288.13
23	Wines and Spirits (5)	304.66	+1.0	17.88	6.13	6.89	301.79	297.05	295.87	293.20	328.00
24	Entertainment, Catering (17)	291.71	+0.1	19.47	7.44	6.39	291.45	288.86	295.08	291.61	354.58
25	Food Manufacturers (21)	191.69	+0.7	20.55	7.68	5.96	190.28	187.47	186.31	185.68	220.48
26	Food Retailing (13)	299.28	−0.1	13.18	4.70	9.13	299.43	295.41	295.84	290.86	299.52
32	Newspapers, Publishing (13)	416.40	−0.3	24.76	7.27	5.37	417.58	414.13	412.28	412.43	465.19
33	Packaging and Paper (15)	130.94	+0.4	24.36	8.92	5.05	130.37	129.66	129.65	127.06	147.82
34	Stores (43)	217.76	−0.5	13.98	5.36	9.36	218.86	217.45	215.55	211.64	256.34
35	Textiles (24)	123.22	+0.1	29.27	12.51	4.26	123.06	121.80	121.00	119.36	177.86
36	Tobaccos (3)	202.07	—	28.82	11.45	3.94	202.07	201.61	201.58	201.58	268.11
37	Toys and Games (5)	32.93	−0.3	45.67	15.41	2.70	33.02	32.66	32.31	32.86	94.20
41	OTHER GROUPS (97)	201.04	+0.5	17.44	7.31	6.85	200.14	198.25	198.35	197.42	221.73
42	Chemicals (16)	301.06	+0.7	20.57	7.97	5.56	299.01	295.43	297.55	297.47	310.78
43	Pharmaceutical Products (7)	191.87	−0.6	13.08	6.98	9.28	193.06	190.18	191.74	195.30	260.56
44	Office Equipment (6)	111.11	+0.8	19.09	7.38	6.04	110.18	109.82	109.85	109.52	144.13
45	Shipping (11)	466.75	+0.5	11.93	6.47	10.38	464.24	456.32	457.36	452.96	444.69
46	Miscellaneous (57)	240.84	+0.6	17.16	6.98	7.31	239.36	238.39	236.11	231.71	254.06
49	INDUSTRIAL GROUP (492)	226.16	+0.3	18.13	6.96	6.76	225.57	223.22	222.32	220.54	257.16
51	Oils (8)	716.15	−0.1	31.23	7.19	3.42	716.58	718.60	720.39	730.55	660.29
59	500 SHARE INDEX	265.04	+0.2	20.79	7.01	5.64	254.53	262.48	262.24	260.87	290.09
61	FINANCIAL GROUP (118)	199.39	+0.7	—	6.14	—	198.00	195.70	195.42	191.25	204.84
62	Banks (6)	214.71	−0.2	45.85	7.17	2.68	215.07	212.08	212.04	206.62	241.96
63	Discount Houses (10)	228.00	+2.5	—	8.75	—	222.44	222.44	220.14	215.14	266.81
64	Hire Purchase (5)	203.15	—	16.17	4.89	8.03	203.11	203.71	200.05	190.68	188.64
65	Insurance (Life) (10)	180.90	+2.0	—	7.04	—	177.41	176.17	174.36	170.66	170.66
66	Insurance (Composite) (9)	127.73	+1.9	—	8.17	—	125.34	125.30	124.72	122.79	146.96
67	Insurance Brokers (10)	305.08	+0.1	16.19	6.71	8.69	304.71	304.15	301.55	287.88	320.32
68	Merchant Banks (14)	103.36	+0.7	—	6.04	—	102.64	101.37	99.93	99.45	97.75
69	Property (45)	387.55	+0.2	3.36	2.89	42.60	386.85	378.00	379.14	371.83	343.45
70	Miscellaneous (9)	128.11	+1.0	20.41	7.34	6.23	126.83	124.86	128.63	127.93	126.51
71	Investment Trusts (109)	212.43	+0.5	—	6.16	—	211.42	210.38	208.81	205.75	238.57
81	Mining Finance (4)	186.94	−1.1	14.26	5.28	8.51	189.03	184.71	188.36	184.38	133.99
91	Overseas Traders (19)	385.61	−1.2	13.16	7.00	9.31	390.23	387.84	394.55	395.66	363.55
99	ALL-SHARE INDEX (750)	249.20	+0.2	—	6.76	—	248.63	246.47	246.38	244.20	264.04

FIXED INTEREST PRICE INDICES

	British Government	Thurs., April 17	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	102.11	+0.15	—	3.29
2	5-15 years	106.42	+0.25	—	3.97
3	Over 15 years	110.28	+0.19	—	4.51
4	Irredeemables	126.70	+0.36	—	2.78
5	All stocks	105.99	+0.19	—	3.79

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Thurs., April 17	Wed., April 16	Year ago (approx.)
1	Low Coupons	5 years	12.60	12.63	9.31
2		15 years	12.40	12.42	10.28
3		25 years	12.06	12.08	10.13
4	Medium Coupons	5 years	14.36	14.40	10.51
5		15 years	14.07	14.12	11.57
6		25 years	13.85	13.87	11.72
7	High Coupons	5 years	14.46	14.51	11.32
8		15 years	14.33	14.36	11.96
9		25 years	14.23	14.26	11.99
10	Irredeemables		11.79	11.83	10.68

		Thurs., April 17 Index No.	Yield %	Wed. April 16	Tues. April 15	Mon. April 14	Fri. April 11	Thurs. April 10	Wed. April 9	Tues. April 8	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	49.85	14.82	49.74	49.62	49.56	49.49	49.41	49.31	49.26	60.81
16	Investment Trust Prefs. (15)	47.72	14.17	47.72	47.69	47.69	47.05	46.88	46.88	46.88	52.93
17	Coml. and Indl. Prefs. (20)	61.61	14.55	61.26	61.43	61.42	61.01	61.01	61.03	61.05	74.78

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
RTZ	25p	9	370	−10	485	327
Imp. Cont. Gas 8pc Cv. Ln. '95-00	£100	8	£100½	+ 2½	£100½	£95½
Tricentrol	25p	8	308	+ 6	334	250
Ultramar	25p	8	578	+12	582	412
Allied Breweries	25p	7	75½	+ 1½	75½	68
Burmah Oil	£1	7	214	− 6	249	162
GEC	25p	7	379	− 5	388	326
MFI Furniture	10p	7	78	+ 2	89	68
Unitech	10p	7	303	+13	303	206
Bowater	£1	6	184	—	188	141
BP	25p	6	334	− 2	412	328
Commercial Union	25p	6	134	+ 5	149	126
European Ferries	25p	6	110	—	123½	98
ICI	£1	6	374	+ 2	402	353
Unilever	25p	5	414	+ 8	480	388

OPTIONS

DEALING DATES

First Dealing	Last Dealing	Last Declaration	For Settlement
Mar. 31	Apr. 19	July 10	July 21
Apr. 21	May 2	Aug. 7	Aug. 18
May 6	May 17	Aug. 28	Sept. 8

For rate indications see end of Share Information Service.

Stocks favoured for the call included Woodside, BSG, Vickers, Tricentrol, Westminster Properties, Coral Leisure, Courtaulds, Carrington Viyella, Bambers, Premier Oil, Australian Consolidated Minerals, BP, British Borneo, Lasmo, E. Fogarty, P. and O. Deferred, Lonrho, Dundonian and Celtic Haven. No puts were dealt, but doubles were completed in Woodside, Coral Leisure, FNFC, Burmah, Dunlop and Grattan Warehouses.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	45.0	48.4	-1.4	2.07
Abbey Capital	36.1	39.0	+0.3	5.90
Abbey General	46.8	50.1	+0.5	5.91
Abbey Gilt & F.I. Tst.	102.7	109.3	+0.9	9.82
Abbey Income	41.1	44.4	+0.2	8.84
Abbey Intl. Bd. Tst.	93.2	98.6	-0.1	5.58
Abbey Inv. Tst. Fnd.	34.6	37.4	+0.4	6.30
Equitas Prog. Trust	69.4	75.0	+0.6	5.97

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	88.2	90.8	-2.9	13.40

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	75.1	80.4	+0.8	6.99
Brit. Inds. Fund	68.8	73.6	+0.5	6.86
Growth & Income	41.4	44.3	+0.4	5.49
Elect. & Ind. Dev.	37.2	39.8	+0.3	5.28
Allied Capital	75.5	80.8	+0.8	5.75
Hambro Fund	117.3	125.5	+0.8	6.43
Hambro Acc. Fund	143.8	153.9	+1.1	5.85
Income Funds				
High Yield Fd.	65.7	70.3	+0.7	10.81
High Income	68.6	73.4	+0.3	8.22
A. H. Eq. Inc.	40.6	43.4	+0.3	8.27
International Funds				
International	26.7	28.6	-0.1	3.79
Pacific Fund	43.4	46.4	+0.3	2.67
Secs. Of America	54.5	58.3	-1.2	2.40
Specialist Funds				
Smaller Co.'s Fd.	47.7	51.0	+0.3	4.90
2nd Smlr. Co's Fd.	56.0	59.9	+0.5	4.89
Recovery Sits.	113.2	121.1	+1.3	6.90
Met. Min. & C'dty.	56.2	60.1	.....	4.91
Overseas Earnings	58.3	62.4	+0.4	5.45
Exempt Funds				
Far East Exempt	51.3	53.4	+0.7	3.31
Smaller Co. Exempt	71.8	75.4	+0.5	5.24
U.S.A. Exempt	95.3	99.1	-2.0	3.53

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

[illegible]

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. April 11	192.3	205.0	.....	6.03

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.2	18.1	.....	7.89
Gt. Winchester O'seas	19.9	22.0	.....	5.01

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	70.8	76.2	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	72.3	76.10	+0.04	4.52

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	22.0	23.2	-0.8	1.00
Fixed Interest	24.8	26.2	.....	13.00
Growth + Income	29.5	31.1	+0.2	7.78
Special Sits.	28.0	29.5	+0.1	3.30

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	26.1	28.1	.....	2.50
Accum. Units	31.7	34.1	.....	2.50
J. Finlay High Income	31.5	33.9	.....	10.46
J. Finlay Euro.Fin.	20.0	21.5	.....	3.93
Accum. Units	25.0	26.9	.....	3.93
J. Finlay Fd.In.Tst.	30.9	33.2	.....	5.68
Accum. Units	38.1	41.0	.....	5.68

Prices on April 16. Next dealing April 23.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American Apr. 14	49.2	52.2	.....	1.40
Am. T'around Apr. 14	47.0	50.0	.....	2.00
Capital Tst.	50.8	54.2	+0.4	5.00
(Accum. Units)	51.6	55.0	+0.2	5.00
Extra Income Trust	47.6	50.8	+0.4	10.34
Income Tst.	36.2	38.6	+0.2	8.61
Int. Growth Fd.	40.4	43.0	-0.6	2.34
(Accum. Units)	43.0	45.8	-0.6	2.34

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	49.0	52.3	+0.4	5.15
Do. Accum.	67.5	72.1	+0.4	5.15

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Mar. 27	109.5	112.9	.....	5.52
Gross Inc. Mar. 27	73.1	75.3	.....	11.69
High Yield Mar. 27	81.0	83.9	.....	11.28

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	113.1	120.3	.....	3.70
Do. Acc.	142.3	151.3	.....	3.70
G.T. Inc. Fd. Un.	164.5	174.9	.....	9.10

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
60	56½	Agric. Mt. 5pc '59-89	60	+¼	8.53	12.77
78	73½	Alcan 10½pc '89-94	78	......	13.81	14.68
28½	25	Met. Wtr. 3pc 'B'	26½	......	11.47	13.47
102	89	U.S.M.C. 9pc 1982	93	......	10.07	—
88¼	85½	Do. without Warrants	88½	......	10.60	17.10

LOANS—Continued

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
244	202	ANZ $A1	210	......	Q22c	3.7	5.4	5.1
218	183	Alexanders D. £1	218	+5	16.0	—	10.5	—
£76½	£56	Algemene Fl.100	£65	+½	Q25%	♦	8.0	♦
345	290	Allen Harvey £1	325	......	21.5	—	9.4	—
128	108	Allied Irish	112	......	hQ8.09	—	7.0	—
16¼	13	Ansbacher (H.) 5p	13½	+¼	—	—	—	—
228	180	Arbuthnot L. £1	228	+2	†10.42	—	9.3	—
360	320	Bk. Ireland £1	330	......	Q25.0	—	7.3	—
£162	£146	Do. 10pc Conv.	£152	......	Q10%	—	†6.6	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01

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INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
34	27	Hawkins & Tipson	28	—	2.0	3.2	5.1	8.5
16¾	11	Hawtin 5p	13½	—	0.25	6.7	2.6	6.2
54	50	Hay (Norman) 10p	50	—	3.7	1.8	10.6	7.6
176	117	Hay's Wharf £1	152	–2	F7.21	3.1	6.8	(6.0)
61	57	Heenan 'A' 10p	60	—	2.5	3.5	6.0	6.9
112	86½	Hepworth Cerac.	108xd	+2½	5.0	q3.3	6.6	5.2
36	22	Hestair	25	—	†3.5	—	†	—
50	42	Hewitt (J.)	50xd	—	1.5	◆	4.3	◆
43	30	Hickson & Jnb 50p	33	—	—	—	—	—
63	58	Hill (Chas.) £1	58	—	d2.0	—	4.9	—
35	22	Hirst & Mal'son 20p	25	—	2.6	1.4	16.2	(4.4)
80	75	Holden (A.)	80	—	†4.0	3.4	7.1	5.6
51	45	Hollis Bros	47	—	†5.12	1.8	15.6	4.5
256	218	Holt Lloyd Int. 10p	224	+2	F9.0	2.3	5.7	12.5
172	120	Hoover 'A'	165	—	12.0	0.9	10.4	(14.1)
95	93	Hopkins & H 20p	95	+2	10.39	1.4	15.6	5.9
80	57	Howard Tenens	61	–1	b2.28	—	5.3	—
375	290	Hunting Assoc.	320	—	22.5	11.4	1.1	9.1
90	66	Hunsleigh 10p	73	—	1.19	◆	2.3	◆
87½	61	Hutch Whmp SHK1	70	+1	†Q28c	◆	4.2	◆
25½	19	Hymas (I. & J.) 5p	22	—	1.25	◆	8.5	◆
£11¼	845	I.C. Industries$1	950	—	Q61.84	—	8.7	—
145	111	ICL	145	+1	†2.97	4.9	2.9	5.4
32	24	Ingall Inds. 10p	25xd	—	12.27	1.7	13.0	7.2
134	107	Initial Services	130	—	†5.5	2.5	6.0	7.7
18	10	Inter-City 20p	13	—	1.17	4.8	12.4	2.3
57	46	J. B. Holdings 10p	48	—	†1.47	7.2	4.2	4.9
158	123	Jacksons Bourne	123	—	††3.0	3.3	3.5	11.7
16½	14½	Jame (M.) Ind. 20p	16½	—	20.75	3.3	6.5	9.9
192	124	Jardine M. SHK6	142	+2	¶Q62c	◆	5.5	◆
29	22	Jentique	22½	—	2.48	1.6	15.7	4.2
7	4½	Johnson & Barnes	5	—	—	—	—	1.9
180	135	Johnson Clnrs.	158	+2	6.2	◆	5.6	◆
300	205	Johnson Mthy. £1	248	—	†8.5	2.9	4.9	8.6

INSURANCE—Continued

1980 High	Low	Stock	Price	+ or –
223	185	Heath (C.E.) 20p	216	–2
112	83	Hogg Robinson	111	–1
114	94	Howden (A.) 10p	102xd	—
£47	£39	Do Warrants	£45	—
179	151	Legal & General	166xd	+2
168	142	Lon. & Man. 5p	168	+4
155	122	London United 20p	150	—
111	95	Minet Hldgs. 20p	101	—
32	26	Moran (Chris) 20p	28	—
326	268	Pearl 5p	324xd	+6
254	208	Phoenix	230	+2
164	136	Provident	164	+6
189	162	Prudential	186xd	+3
166	140	Refuge 5p	156	+4
356	307	Royal	322	+2
105	88	Sedgwick 10p	105	—
82	67	Stenhouse	77	—
215	168	Stewart Wr. 20p	212	–3
589	520	Sun Alliance £1	576	+6
160	130	Sun Life 5p	160	+2
541	433	Taisho Mar. EDR	455	–11
193	155	Trade Indemnity	180xd	—
£19¼	£15¼	Travelers $2.50	£17¼	—
250	207	Willis Faber	243	–2

LEISURE

1980 High	Low	Stock	Price	+ or –
74	60	Anglia TV 'A'	67	—
99	81	Assoc. Leisure 5p	93	—
129	113	Barr & W.A.T. 'A'	120	—
63½	45½	Black Edgtn. 50p	51	+1
136	86	Boosey & Hawkes	87	—
90	50	Campari Int. 20p	50	–5

MINES—Continued

Miscellaneous

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
160	78½	Anglo-Dominion	145	—	—	—	—
97	58	Barymin	70	–2	—	—	—
15	12	Burma Mines 17½p	14xd	—	0.62	◆	6.4
502	330	Cons. Murch. 10c.	370	+10	WQ100c	1.8	15.5
585	325	Northgate C$1	360	–10	—	—	—
485	327	R.T.Z.	370	–10	15.0	q3.3	6.0
33	16	Robert Mines	30	–1	—	—	—
58	27	Sabina Inds. C$1	32	–3	—	—	—
650	480	Tara Exptn. $1	480	–10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ‖ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✠ Regional price.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –	IRISH	Price	+ or –
Albany Inv. 20p	28	—	Conv. 9% '80/82	£96	—
Bertam	18	—	Nat. 9¾% 84/89	£71¼	—
Bdg'wtr. Est. 50p	370	—	Fin. 13% 97/02	£78¾	—
Clover Croft	60	—	Alliance Gas	58	—
Craig & Rose £1	£10½	—	Arnott	360	—
Fife Forge	37	—	Carroll (P.J.)	52	+2
Finlay Pkg. 5p	20	—	Clondalkin	106	+1
Graig Ship. £1	£11¼	—	Concrete Prods.	77½	—
Higsons Brew	75	—	Helton (Hldgs.)	35	—
Holt (Jos) 25p	255	—	Ins. Corp.	258	—
I.O.M. Stm. £1	172	+7	Irish Ropes	68	—
Pearce (C. H.)	385	—	Jacob	34	—
Peel Mills	39	—	T.M.G.	140	—
Sheff. Refrshmt	99	—	Unidare	103	—
Sindall (Wm.)	155	—			

OPTIONS
3-month Call Rates

Industrials					
A. Brew	8	I.C.I.	32	Utd. Drapery	9
BOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.L.	45	Woolworths	6½
Babcock	12	Inveresk	5		
Barclays Bank	30	Ladbroke	15	**Property**	
Beecham	13	Legal & Gen.	14	Brit. Land	7
Blue Circle	25	Lex Service	10	Cap. Counties	9
Boots	17	Lloyds Bank	24	Land Secs.	25
Bowaters	16	"Lofs"	3½	MEPC	17
B.A.T.	25	London Brick	6	Peachey	13
Brown (J.)	7	Lucas Inds.	30	Samuel Props.	12
Burton 'A'	22	"Mams"	14	Town & City	2
Cadburys	5½	Mrks. & Spncr	9		
Courtaulds	8	Midland Bank	30	**Oils**	
Debenhams	8	N.E.I.	5	Brit. Petroleum	38
Distillers	21	Nat. West. Bank	32	Burmah Oil	20
Dunlop	5½	P & O Dfd.	9	Charterhall	12
Eagle Star	14	Plessey	16	KCA	11
F.N.F.C.	2½	Racal Elect.	20	Premier	12
Gen. Accident	21	R.H.M.	4½	Shell	35
Gen. Electric	38	Rank Org.	18	Tricentrol	35
Glaxo	40	Reed Intnl.	17	Ultramar	58
Grand Met.	12	Sears	5½		
G.U.S. 'A'	38	Tesco	7	**Mines**	
Guardian	25	Thorn	25		
G.K.N.	22	Trust Houses	14	Charter Cons.	18
Hawker Sidd.	16	Tube Invest.	27	Cons. Gold	52
House of Fraser	12	Unilever	40	Lonrho	12
		U.D.T.	4	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Friday April 18 1980

Record world bond trading in Europe

BY FRANCIS GHILES

TRADING ON the international bond markets in Europe rose to record levels yesterday in the wake of lower U.S. interest rates.

Fixed interest dollar Eurobond prices surged ahead for the second day running with gains of between two and four points—among the largest rises in one day.

Many U.S. corporations took advantage of the strong investment demand to float new issues. Yesterday alone $365m worth of new dollar bonds, four of fixed-interest rate, were launched, bringing the total volume of new dollar-denominated paper issue since Easter to just over $1bn.

Deutschemark - demoninated foreign bonds were also in great demand. D-Mark bond prices rose by 1¼ of a point.

The scramble to buy was sparked off on Wednesday, after the mood of optimism which swept across Wall Street with Chashe Manhattan Bank's decision to cut its prime lending rate by ½ per cent to 19½ per cent.

Yesterday's rises were so large that some dealers felt they were overdone and that prices had become unrealistic. But they said that institutional and retail clients across the world were ordering them to "buy any paper they could lay their hands on at any price."

One of the factors behind the dollar bond price rises until early this week was the relative lack of new issues on offer.

This is no longer the case. What is spurring on investors is the growing conviction, according to most dealers, that U.S. interest rates have peaked.

Eurodollar interest rates, which traditionally mirror U.S. domestic interest rates, have fallen sharply in the past three days.

The three-month London Interbank offered rate had dropped by 1⅜ to 17⅞, while the 12-month rate has dropped 1¼ per cent to 15¾ per cent.

The fall in Eurodollar rates has also helped the prices of floating-rate note dollar Eurobonds, which rose yesterday alone by about one point.

These issues, where the coupons have recently been readjusted, gained most.

Money markets, Page 33

MUGABE: 'RECONCILIATION'

President Kaunda of Zambia and Prime Minister Mugabe at Salisbury Airport after the former had inspected a guard of honour.

Ban on Iranian exports 'could raise oil prices'

BY RAY DAFTER, ENERGY EDITOR

THE WEST could face another oil price "explosion" if Iranian oil exports were stopped by a trade blockade, Mr. Dirk de Bruyne, head of the Royal Dutch/Shell Group, said yesterday.

The supply and demand of oil were reasonably balanced, there was enough oil in the international distribution system to enable companies to cope with an Iranian stoppage, said Mr. de Bruyne, president of Royal Dutch Petroleum and chairman of the Shell group's committee of managing directors.

If supplies continued on present lines further big price increases would be unlikely this year. But a halt in Iranian exports could create a "psychosis" among major oil exporters which would again drive prices up.

Shell, like British Petroleum and Japanese companies, is challenging the latest $2.50 a barrel price increase imposed by Iran on April 1. Negotiators are due to fly to Tehran in the next few days. It is expected they will tell the National Iranian Oil Company that the new effective price of Iranian light crude oil—$35.37 a barrel—is too high.

Mr. Robert Hart, a group managing director, said Shell would have to rely on the spot market for a larger proportion of its crude oil supplies this year, perhaps 7 per cent of its needs outside North America against about 5 per cent last year. The amount of contract oil bought at premium rates was also likely to rise.

But the group, which returned a record net income of £3bn in 1979, expects another good year. Mr. de Bruyne said that in the first quarter trade generally was "satisfactory." Trading margins were acceptable "We don't really expect that 1980 will show a gloomy picture."

Shell's capital expenditure in the next few years is expected to be about £2.5bn annually, in line with the trend of spending growth in recent years. Much of this money will go on oil exploration and production, particularly in the North Sea.

The group has invested more than £1.7bn in the North Sea. A similar amount has been earmarked for future work.

The group is expected to invest £100m to £200m a year to gain a strong position in the international coal trading market. Mr. de Bruyne said Shell intended to win a 10 to 15 per cent share of the market, now about 200m tonnes annually.

Energy review: Page 2
Oil impasse, Page 4

Zimbabwe created

A POWERFUL appeal for reconciliation and a new spirit of unity and brotherhood was made last night by Mr. Robert Mugabe.

In a nationwide radio and TV address four hours before the Union Jack was due to be lowered for the last time and Rhodesia's name changed to Zimbabwe, the Prime Minister appealed to the country's 7m blacks and 230,000 whites to show "a new mind, a new heart and a new spirit that must unite and not divide."

It was an address that maintained the theme of unity and reconciliation that has dominated all his public pronouncements since winning an overwhelming election victory seven weeks ago.

Mr. Mugabe said:

"If yesterday I fought you as an enemy, today you have become a friend and ally with the same national interest, loyalty, rights and duties as myself.

"If yesterday you hated me, today you cannot avoid the love that binds you to me and me to you. Is it not folly that in these circumstances anybody should seek to revive the wounds and grievances of the past."

He called for a constructive, progressive and forward-looking attitude from all Zimbabweans: "Our nation requires of everyone of us to be a new man, with a new mind, a new heart and a new spirit. It could never be correct justification that because the whites oppressed us yesterday when they had power, the blacks must oppress them today because they have power."

Mr. Mugabe made his speech as the Union Jack was lowered for the last time at Government House.

Prince Charles and Lord Soames, the Governor, stood rigidly to attention. A liveried black Police bugler played the "Last Post."

Thorn to make videos

BY ELAINE WILLIAMS AND RICHARD HANSON

THORN/EMI announced yesterday that it intends to manufacture both video discs and players in the UK as a result of an agreement to co-operate with the Victor Company of Japan (JVC), a subsidiary of Matsushita.

Although details are still to be worked out, the two companies aim to produce and sell the system in Europe and the U.S. before the end of next year.

Thorn/EMI said either it would provide the capital investment to start manufacture, or a joint company would be set up in the UK.

JVC has been slower than other major Japanese manufacturers to expand overseas. But its agrement with Thorn gives it access not only to the programmes and film under the EMI names, which can be put onto disc, but also to the UK television rental outlets owned by Thorn.

Background, Page 6

THE LEX COLUMN

A positive view from Shell

Although overseas bond markets were still going ahead strongly yesterday, gilt-edged were nervously waiting for news of the price at which Treasury 13¾ per cent 2004/08 had been oversubscribed. There was some feeling that a large premium over the minimum tender price might mean that the stock had gone largely to short-term holders, which could lead to a period of indigestion.

At least there was plenty of time to look at the money supply figures. Although sterling M3 itself rose by only the expected 0.4 per cent, or £225m seasonally adjusted, domestic credit expanded by £600m in banking March, rather more than in February. The impact of low bank lending was offset by low sales of public sector debt.

Royal Dutch Shell

In contrast to the air of mild anxiety that prevaded the BP Press conference on its annual report a week ago, Shell adopted a much more positive approach yesterday. Certainly there are problems over the tendency for crude oil producing countries to slap on contract premiums, and a big question mark hangs over Iran. On the other hand, Shell expects that world oil demand will be down by 2 or 3 per cent in 1980, and there is a reasonable balance between supply and demand; the system could cope even with the loss of Iran's exports which Shell puts at 1.5m to 2m barrels a day.

Trading was satisfactory in the first quarter—it looks as though margins picked up again from the final quarter of 1979 when retroactive OPEC price adjustments cost over £100m and could not be passed on to customers. Product prices have kept up "remarkably well" in Europe, with little sign that the Aramco partners, with access to cheap Saudi oil, are seeking to raise their market share aggressively: they would have to buy expensixe marginal crude to do so. Overall, the Shell group is far from pessimistic about 1980.

If the oil companies are doing well, however, their auditors are having a slightly trickier time. Ernst and Whinney have qualified the "Shell" Transport accounts over the failure to follow the UK deferred tax standard SSAP 15 which is incompatible with U.S. and Dutch principles. The auditors agree that to have followed SSAP 15 (which would have increased net income by 15 per cent) would have been "misleading." Over at Ultramar, Arthur Young are less tolerant of the company's decision to treat unrecoverable advance corporation tax on the maiden cash dividend as part of the cost of the dividend rather than as part of the tax charge.

Index fell 0.5 to 442.6

British Aerospace

Although it now seems unlikely that shares in British Aerospace will be offered for sale to the public this summer, the betting is still that it will come some time in fiscal 1980-81. The annual accounts show that the business has moved into a cash hungry phase, with the build up of development work on the Airbus and the 146. Capital spending is also being inflated by the need to make up for a period of hesitant investment prior to nationalisation. It could work out at around £70m this year, compared with depreciation of just £16m. In addition, the group's cost of capital is set to rise once it comes out from under the taxpayers' wing.

However the balance sheet is sound, with negligible debt. And although the short term trading outlook is not exciting—the Government's target implies a rise of about a tenth in trading profits this year—the new civil projects could be making a difference b ythe mid-1980's.

Meanwhile the capital structure has not yet been finalised, which makes it difficult to guess at the likely stock market value. For what it is worth, net assets appears to be over £300m, while attributable profits are roughly £40m. Beeing can be bought on a prospective p/e of under 7, and although British Aerospace has a bigger exposure to the fashionable defence business, it has nothing like the same commercial and financial strengths. And it is still not clear whether the Government plans to keep outright voting control. Merchant bankers Kleinwort Benson will have earned their fee if they can make a half share in the business worth the rumoured £150m.

NEI

Having been £3.9m down at the interim stage, Northern Engineering Industries' pre-tax profits for the whole of 1979 work out £12.3m lower at £18.1m pre-tax. The engineering strike has come on top of earlier internal disputes at NEI Reyrolle, and this division in particular has been quite unable to find its feet again, given the background of weak demand for switchgear. As a result, Reyrolle lost £7m last year after making a small profit in 1978.

This year the main task is to make Reyrolle break even again. The boiler and turbine divisions are getting by on an adequate workload until the Torness and Heysham gas-cooled reactor projects, and their all-important progress payments, come through, but NEI's markets are by no means strong and it is struggling to pick up overseas business.

At least NEI has come through the year without too much damage to its balance sheet. Short-term debt is virtually unchanged, and the £10m rise in long borrowings to £26m reflects the financing of acquisitions, which seem to be covering their interest costs.

Thi syear there should be a fair recovery in profits, but it is almost certainly misleading to add back apparently exceptional losses to the 1978 figure. The main consolation for shareholders in 1980 may be the yield, 13.4 per cent at 42½p. With all its UK losses, NEI has found the maintained dividend expensive: on a nil basis the historic p/e is 4.2, but it rises to 6.8 on the tax charge actually suffered, including unrecoverable ACT.

Guthrie

The Guthrie Corporation share price has tumbled by a sixth since Monday, including a drop of 63p to 762p yesterday on the approval by shareholders of the scheme to buy City and International Trust. Sime Darby and its friends, opposing the deal, could muster only 47 per cent of the votes cast, and the Sime camp appears to have been surprised by the degree of emotional support for the board. Sime's next move may depend, more than anything, on how far the Guthrie price falls.

Zhao set to head China

CHINA'S day-to-day affairs are being supervised by Mr. Zhao Ziyang, according to Mr. Deng Xiaoping, Senior Vice-Premier.

His comments to Italian journalists in Peking were the clearest indication to date that Mr. Zhao, one of a new generation of Chinese leaders, who was appointed a Vice-Premier, is in line to be Premier. The job is held by Mr. Hua Guofeng, party Chairman.

Asked whether Mr. Zhao would become Premier, Mr. Deng replied: "This question cannot be answered by any individual. He is now in charge of the day-to-day work of the State Council." This is China's equivalent of the cabinet.

Diplomats say Mr. Deng's remarks indicate at the very least that Mr. Zhao, his protege, will take over as senior Vice-Premier when he retires, expected later this year.

The comments renew speculation about the future of Chairman Hua, the first Chinese leader to hold both top Government and party posts.

There has been growing speculation that he will soon be eased out of the Government job.

Mr. Zhao, 61, is the successful former first party secretary of Sichuan, the most populous province. He is credited with restoring the province's fortunes, after the ravages of the cultural revolution.

Mr. Deng has been pushing hard for Mr. Zhao's quick promotion. At a recent meeting of the party central committee, Mr. Zhao was appointed to the Politburo's seven-man standing committee.

Guthrie wins backing for £21m takeover

BY CHRISTINE MOIR

GUTHRIE Corporation, the UK-based plantations group, has won permission from shareholders to take over City and International Trust despite concerted opposition from Sime Darby, its Malaysian rival and largest shareholder.

Cheers broke out in Haberdashers' Hall, London, yesterday when scrutineers announced that on a poll Sime had mustered only 40.4 per cent of the equity against the proposed bid while the Guthrie board was supported by 46.25 per cent.

The poll had been called for by Mr. David Secker Walker, of N. M. Rothschild, Sime's merchant bank.

The proposed £21m acquisition of City and International has been seen as part of Guthrie's complex defence against the possibility of a second takeover attempt by Sime. The deal will not only make Guthrie more of a mouthful to swallow—by £20m—than when Sime made its £153m bid last April, but is structured to dilute Sime's holding by about 3 per cent.

Sime holds some 29.9 per cent of Guthrie in its own right, but last year obtained total acceptances of only 48.7 per cent for its 535p a share offer. Since then Guthrie's shares have peaked at 912p in the market

Continued from Page 1

Payments

Exports increased by 4 per cent in the quarter, while imports dropped by 3 per cent. This drop was in spite of a 12 per cent increase in the volume of imports of motor cars in the period.

But there was a 9½ per cent fall in purchases of other consumer goods. This presumably reflected the weakening of consumer demand in the UK and the excessive stocks of many distributors and retailers.

The overall change in the last few months should not, however, be exaggerated, since the pick-up in exports largely represented a recovery from the decline in the fourth quarter of 1979. Indeed the Department of Trade reckons that the underlying trend for export volume remains broadly flat.

The large overall deficit occurs at a time of rising North Sea oil production. The deficit on trade in oil dropped from £157m to £126m from the fourth quarter of 1979 to the first of this year.

The Treasury has forecast a total current account deficit of £2¾bn this year, though some economists believe this may be to pessimistic if a reduction in demand and in stock levels results in a cut in imports.

The steel strike appears to haev had an adverse effect of about £20m in the first quarter.

British Aerospace sets record

By Michael Donne, Aerospace Correspondent

BRITISH AEROSPACE, the State-owned aircraft, missiles and space group, had a record year in 1979 with trading profit up £11m to £90m.

The total order book by the end of the year stood at £3.29bn, compared with £2.95bn at the end of 1978. Foreign orders accounted for over £2.16bn against just over £2bn in the previous year.

The group's sales also reached a new peak of over £1bn, against £894m in the preivous year, of which exports accounted for £576m against £487m in the previous year.

British Aerospace, faced with a growing work-load, increased its labour force last year by 3,100 to 73,410. It is still recruiting, especially skilled labour, across the entire range of its activities, although it is finding it difficult to get all the skilled men it needs.

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Weather

UK TODAY

SUNNY periods in South, warm. Cloudy in North.

S. England, Channel Isles, S. Wales, E. Anglia, Midlands
Dry, sunny periods, warm. 13C-15C (55F-59F).

E. and N.E. England
Bright intervals, some rain. Max. 13C (55F).

N. Wales, N.W. and N. England, S.W. Scotland, N. Ireland
Mainly dry, cloudy. Max. 13C (55F).

Borders, Edinburgh, Aberdeen, Moray
Sunny periods. Max. 12C (54F).

Rest of Scotland, Orkney, Shetland
Rain or drizzle, bright intervals. Max. 11C (52F).

Outlook: Dry, sunny intervals in South; cloudy, some rain elsewhere.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	14	57	L. Lims.	F	20	68
Algiers	F	18	64	Locarno	R	12	54
Amsdm.	S	14	57	London	S	16	61
Athens	S	17	63	Luxmbg.	S	19	66
Bahrain	S	22	72	Luxor	S	30	86
Barclna.	F	16	61	Madrid	R	13	55
Beirut	S	18	64	Malorca	F	18	64
Belfast	F	10	50	Malaga	S	17	63
Belgrd.	F	19	66	Malta	F	17	63
Berlin	S	19	66	M'chstr.	C	11	52
Biarritz	C	14	57	Melbne.	S	27	81
Bmghm.	C	13	55	Milan	F	14	57
Blackpl.	F	11	52	Mntreal.	S	4	39
Bordx.	C	14	57	Munich	S	18	64
Boulgn.	C	11	52	Nairobi	R	21	70
Bristol	C	14	57	Naples	F	18	64
Brussels	S	18	64	Nwcstle.	C	9	48
Budpst.	S	18	64	N. York	S	8	46
B. Aires	S	20	68	Nice	R	13	65
Cairo	S	24	75	Nicosia	S	20	68
Cardiff	C	12	54	Oslo	F	14	57
Cas'b'ca	S	17	63	Paris	S	21	70
Cape T.	C	16	61	Perth	R	18	64
Chicago	C	12	54	Prague	S	19	66
Cologne	S	18	64	Reykjvk.	R	5	41
Cpnhgn.	S	11	52	Rhodes	F	18	64
Corfu	S	18	64	Rio J'o	S	26	80
Dublin	F	12	54	Rome	F	18	64
Dbrvnk.	F	15	59	Salzbrg.	S	20	68
Ednbgh.	F	12	54	Singapr.	S	28	82
Florence	C	16	61	Stckhm.	F	14	57
Frankt.	S	22	72	Strasbg.	S	20	68
Funchal	C	17	63	Sydney	R	27	81
Geneva	R	12	54	Tangier	S	19	66
Gibrltr	S	17	63	Tehran	S	11	57
Glasgow	F	11	52	Tel Aviv	S	19	66
G'nsey	F	11	52	Tenerife	F	15	59
Helsinki	S	6	43	Tokyo	C	10	50
H. Kong	S	22	72	Toronto	S	4	39
Innsbrk.	F	18	64	Tunis	C	17	63
Invrnss.	C	10	50	Valencia	F	16	61
I.o.Man	S	10	50	Venice	C	14	57
Istanbul	S	17	63	Vienna	S	18	64
Jersey	C	13	55	Warsaw	S	14	57
Jo'burg	S	17	63	Zurich	F	16	61

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Chrysler lenders protest at new demands

BY IAN HARGREAVES IN NEW YORK

CHRYSLER'S main lenders yesterday converged on Washington to protest against the latest demands made of them by the U.S. Treasury in its efforts to complete a plan to save the company from bankruptcy.

The latest row between bankers and the Administration comes the day before the Chrysler Loan Guarantees Board meets in Washington to inspect the final version of Chrysler's plan. The fate of the company is therefore once more in the balance.

Some bankers believe the board, which consists of Mr. William Miller, the Treasury secretary, Mr. Volcker, chairman of the Federal Reserve, and Mr. Elmer Staats, Comptroller General, has deliberately precipitated an eleventh hour dispute in preparation for turning down the plan and pushing Chrysler into bankruptcy.

The three new demands from the Treasury emerged on Wednesday evening following a mass meeting of Chrysler's worldwide lenders in Detroit. Afterwards, Chrysler said it had made progress but had not completed negotiations on its finance plan.

The Treasury's demands, according to bankers, are: that the banks should agree to buy preferred stock in Chrysler or to convert some existing loans to preferred holdings; that the banks should make a commitment to buy next year $500m of accounts receivable from Chrysler Financial, the company's dealer and retail financing subsidiary; and that lenders surrender their covenant documents on loans to Chrysler Financial. This would leave the lenders without the normal legal protection of default clauses on this $3bn debt with Chrysler Financial.

There was some confusion among bankers yesterday at these developments. Some, who had thought they were moving swiftly to an agreement with the Government on contributing $650m to Chrysler by making concessions on the terms of existing loans, said they no longer knew where they stood. This $650m would form part of $2bn Chrysler hopes to raise in commitments in order to qualify for Government loan guarantees.

The critical meeting, however, is not the bankers' talks with Treasury officials yesterday, but the meeting of the loan guarantee board today.

There is speculation that Mr. Volcker, a man of strong, independent views, and Mr. Staats are taking a harder line of the plan than perhaps the Administration would like.

It would certainly be surprising if President Carter permitted Chrysler to go bankrupt before next month's primary elections in Michigan.

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